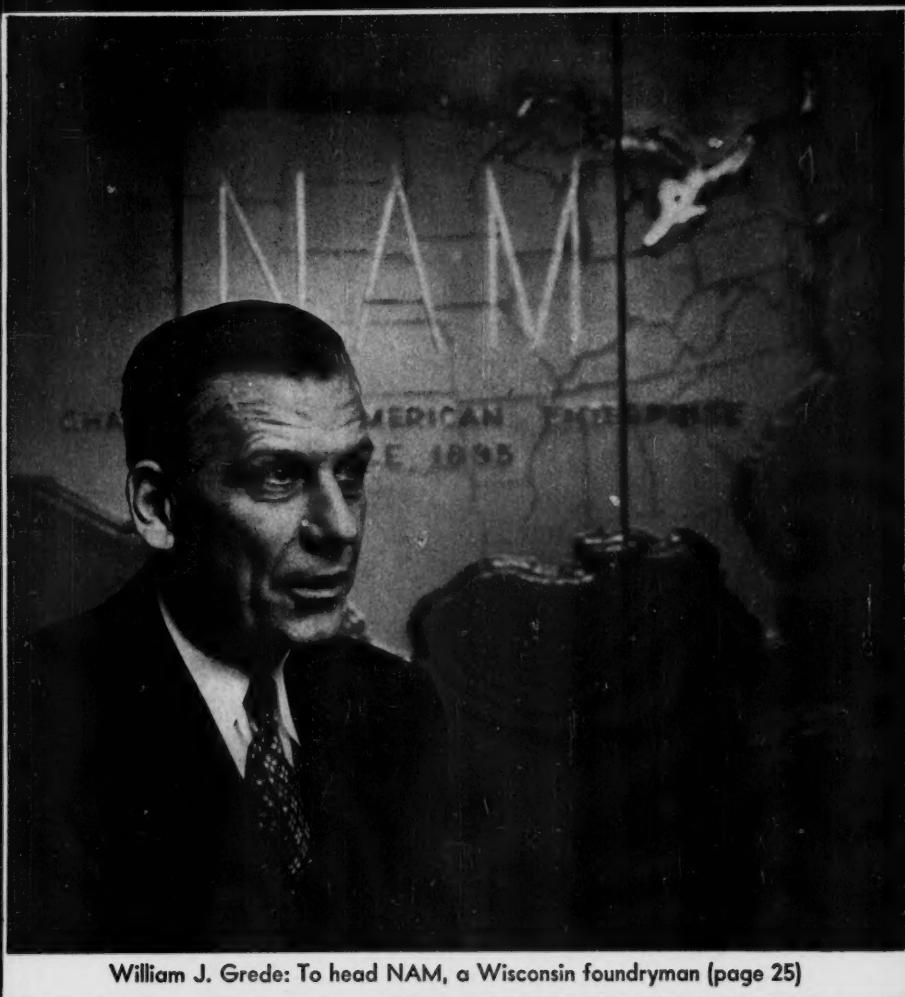


BUSINESS WEEK

How to Get
A Nomination

PAGE 88



William J. Grede: To head NAM, a Wisconsin foundryman (page 25)

A MCGRAW-HILL PUBLICATION

DEC. 8, 1951

Basic Bearing Refinements

CUT TRUCK MAINTENANCE !



Fundamentally, America's truck owners buy ton-miles! And they want them at the lowest possible cost! That's why wise truck manufacturers who realize the importance of precision-built bearings to dependable truck performance standardize on Bower Spher-O-Honed bearings. Basic bearing refinements—mirror-smooth finish, generous oil groove, millionth-inch tolerances—are only a few of the many important Bower features. They are specifically designed to reduce maintenance to a practical minimum—add mile upon mile to the life of the bearings. Whatever your product, if it uses bearings you'll be wise to equip it with Bower Spher-O-Honed bearings.

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Detroit 14, Michigan

BOWER

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Laboratory work is advancing the frontiers of scientific knowledge in many unusual directions . . . the effect of light-absorbing filters . . . defrosting with high-frequency heat . . . tree-ring research to determine rainfall cycles. Findings are made available to industry through published reports.

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tific facts in producing new or improved products. The fundamental research conducted by educational institutions and by industry is a vital national asset which has contributed immeasurably to the growth of America.

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BUSINESS WEEK • Dec. 8, 1951

HOME...on a 3 minute pass



...and the things we make help them get there

Whether making home seem closer, or speeding production, or coordinating defense—what a vast network of Bell telephone equipment it takes to bring people together 145 million times a day! As manufacturing unit of the Bell System, Western Electric makes the good, dependable equipment that does the job.



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SPECIAL APPLICATION
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MOTORS

In BUSINESS this WEEK . . .

• Playing It Cagey:

A fair number of businessmen. They think industry is riding for a fall. P. 19

• Off the Hook:

The Wage Stabilization Board. The sharp-pencil work it needed to give the rubber workers an extra 13¢ is the cutest thing since the invention of logarithms. P. 33

• Strictly From Hunger:

This season's crop of Broadway shows. If it weren't for Shaw and Shakespeare, you could hardly spend your expense account. P. 58

• Riding the Wave:

Engineers. And they have figured out a way to make the most of it. P. 124

• Born Every Minute:

New customers. But more are born in some minutes than in others. It makes a difference in your marketing strategy. P. 146

• Waiting at the Church:

Anaconda Copper. Interior Secretary Chapman called off the ceremony that would have put it in the aluminum business. P. 166

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NYLON UPHOLSTERY: TIP YOU CAN TAKE FROM A CAB DRIVER

15,000 passengers rode 71,000 miles since this cab went on the road 15 months ago. Yet the upholstery made with Du Pont nylon fibers shows no signs of wear... looks fresh and inviting. The cab driver expects the upholstery to last for at least another 12,000 passengers.

The upholstery in a private car probably wouldn't get as much wear in five years—the average life of a car—as this taxi got in 15 months. That's why upholstery made with Du Pont's nylon fiber is as good an investment for car owners as it is for railroads, bus lines and air lines.

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stains can be easily washed away with soap and water.

Upholstery fabric of nylon can be made in a wide variety of colors and textures. It is good-looking, comfortable—when one railroad polled passengers on their upholstery preferences, nylon was the overwhelming choice.

Many other products—industrial filters, fishing nets, rope, sewing thread—have been improved with nylon and are now serving industry. Perhaps nylon's unique combination of properties

can help you make a new or better product, or improve your production process.

NEW BOOKLET: "Nylon Textile Fibers in Industry" contains 23 case histories, shows you how businessmen are using nylon in industry today. Write for your copy. And tell us your fabric or fiber problems. Address Nylon Division 106, E. I. du Pont de Nemours & Co. (Inc.), Wilmington, Delaware.

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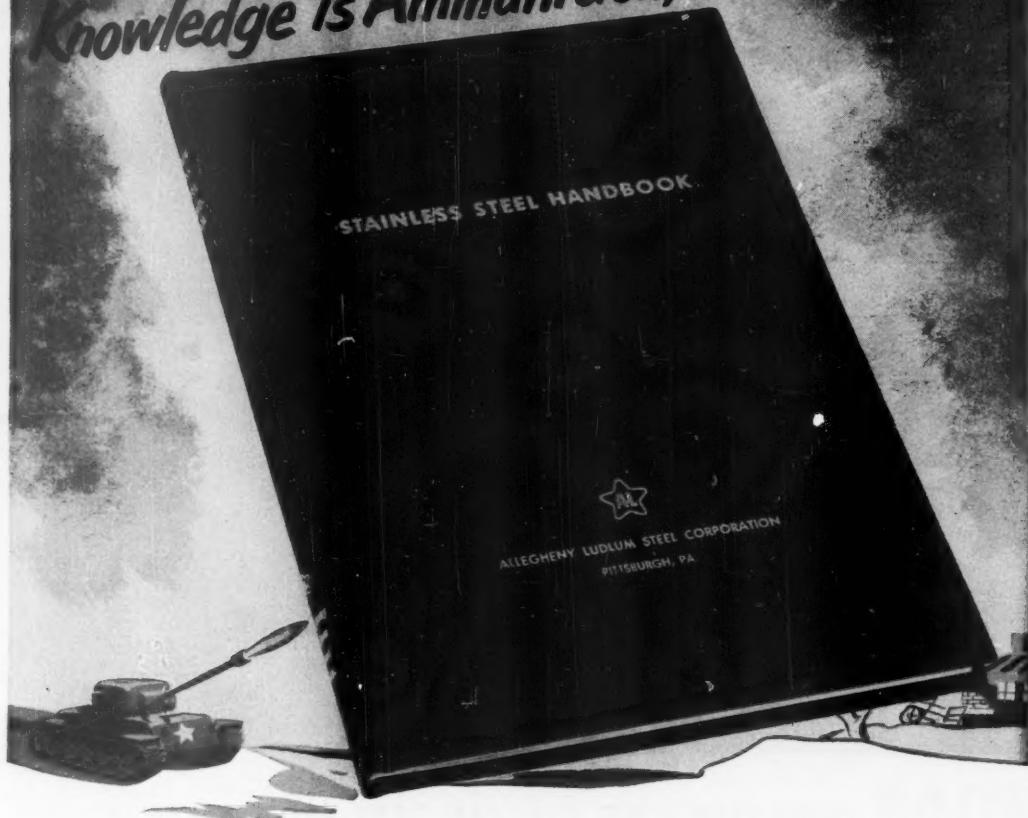
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of each type will guide you in specifying grades that will do your job most efficiently. Clear, concise fabrication data will help you speed production and cut waste.

Your copy of the Stainless Steel Handbook will be sent—without charge—upon request. Our only stipulation: please make your request upon your company letterhead. • Write Allegheny Ludlum Steel Corporation, Oliver Bldg., Pittsburgh 22, Pa.

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America must have more
Scrap to make more Steel!
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You can make it BETTER with
Allegheny Metal



BUSINESS OUTLOOK

BUSINESS WEEK

DECEMBER 8, 1951



World markets, especially for metals, show some signs of softening.

There's nothing significant yet. Prices abroad still are far higher than the ceilings in this country. But the buy-at-any-price rush has suddenly vanished.

A combination of reasons emerges. Many countries lack the dollars to pay for scarce materials they had been snatching up until now. Then, too, inflation fears have lessened a bit; the rush out of soft currencies into hard commodities has lessened.

Finally, Korean developments ease buying pressures somewhat.

•
Slackening foreign demand may mean some extra metal for this country—but not right away.

Prices still are more than what we can legally pay. Nevertheless, Chilean copper (which recently sold abroad at about double the ceiling here) is finding buyers chary—even though quotations have been shaded several cents.

•
Employment, declining since August, looks worse than it really is.

True, total employment is down 1.2-million in three months. But much of that is caused by seasonal factors—completion of harvesting operations by the nation's farmers and the weather's curb on construction.

Farm employment has declined by nearly a million since summer.

Nonfarm employment, on the other hand, is down only moderately—and still 600,000 ahead of a year ago. If you take out the November drop in construction workers, the showing would be even more favorable.

•
Declining employment, to be serious, has to be accompanied by rising unemployment. That may sound automatic, but it isn't.

Unemployment rose only 200,000 while employment was dropping 500,000 between October and November. And unemployment is almost exactly the same now as it was in July with employment down more than a million.

The answer, of course, is the casual worker. He (or she, and a lot of them are women, particularly on farms) comes into the labor force in the summer when unskilled jobs are most plentiful, drops out in winter.

•
Nonfarm jobs apparently have soaked up about as many people as possible without additional incentives. That's just another way of saying that the civilian labor force isn't growing.

In fact, in the Census Bureau's job counts for both October and November, the labor force was smaller than a year earlier.

•
Farm employment must be approaching the irreducible minimum.

There were only 8,035,000 working on jobs at this summer's peak—and that includes some 6-million farm operators, not to mention their sons. The postwar high was 10.4-million in 1947; last year's top was a million over this year's.

This frees hands for arms work, but not necessarily the right skills.

•
Machines are behind two major farming trends: (1) more production with (2) fewer workers.

Despite some adverse weather, farmers this year apparently have

BUSINESS OUTLOOK

(Continued)

BUSINESS WEEK
DECEMBER 8, 1951

chalked up the greatest production record ever. And they did it with the smallest work force they have ever had in peacetime.

But that's not all. They are called on for another new high in 1952. The Dept. of Agriculture has set crop goals 4% above this year's.

Feeding a record cattle population—both for beef and milk—is one of the reasons Washington wants more corn in 1952.

The goal is a corn acreage 3% larger than this year. That may not sound like much, but corn is an 85-million to a 90-million acre crop. Thus 3% means pretty nearly 3-million acres.

And 3-million acres can mean 120-million bu. When steers and hogs convert that much corn into sirloins and chops, you've got something.

The price of hogs may hold down pork supplies next year.

Corn is selling around \$1.90 a bu. in Chicago. Hog raisers figure that 100 lb. of pork should be worth as much as 12 bu. to 13 bu. of corn. Thus they feel entitled to \$24 to \$26 a cwt.

But the best hogs are selling around \$18.50 a cwt. today. And even if the price rises next year, the ceiling is only \$21.50.

Neither today's price nor the ceiling is enough, the farmer figures.

The possibility of overproduction doesn't seem to scare the Dept. of Agriculture, not in the case of rice, at least.

We produced about 44½-million 100-lb. bags this year. That was 18% more than in 1950 and 42% above the 1940-49 average. Yet the Dept. of Agriculture wants the same acreage (almost 2-million) again next year.

While our exports fell to 9.1-million bags in the crop year ended last July, they undoubtedly have risen sharply since. Rice is one of our best weapons against communism in food-short Asia.

Cuba is the big cash customer, taking 75% of last year's exports.

Unusually large exports of wheat are another reason that the government is aiming high in its crop goals.

In the first four months of the current crop year, we have sent abroad over 150-million bu. (including flour and macaroni). That's more than double the figure for the same period last year.

And some of the gain seems to be at Peron's expense. Argentina's grain exports in the July-October period were 20% below last year.

People bought sparingly and charged sparingly from June through September. But all that has changed.

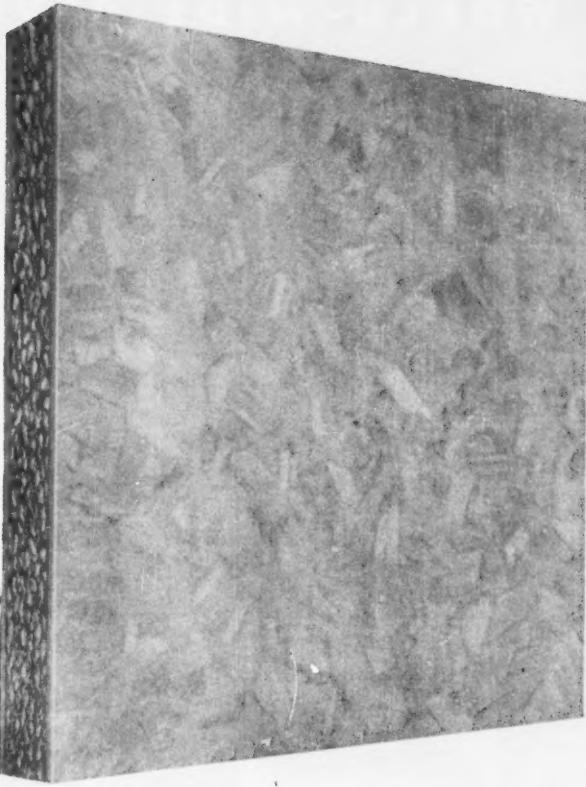
Store volume was up moderately in October—and charge account debt took a fairly big, \$150-million jump.

But, in time sales, there was little to indicate that easier instalment terms were spurring sales. In fact, instalment credit on autos dropped by \$46-million; this was barely offset by the rise in other sales credit.

The next couple of weeks are the big ones if Christmas sales are to set a new record. Department stores have been posting fair plus signs since September. The comparison, however, is with a slack period in 1950.

But the two weeks before Christmas last year were whoppers. They topped the same 1949 period by 14% and will be something to beat.

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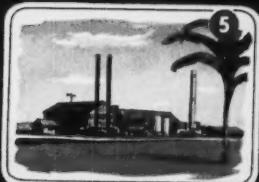
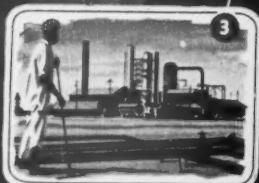
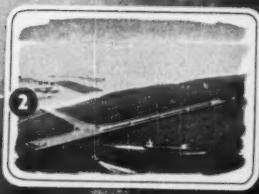
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1 SAUDI ARABIA. 854 miles 30"-31" pipe line, pump stations, refinery and other oil facilities. (Arabian American Oil Company and Trans-Arabian Pipe Line Company)

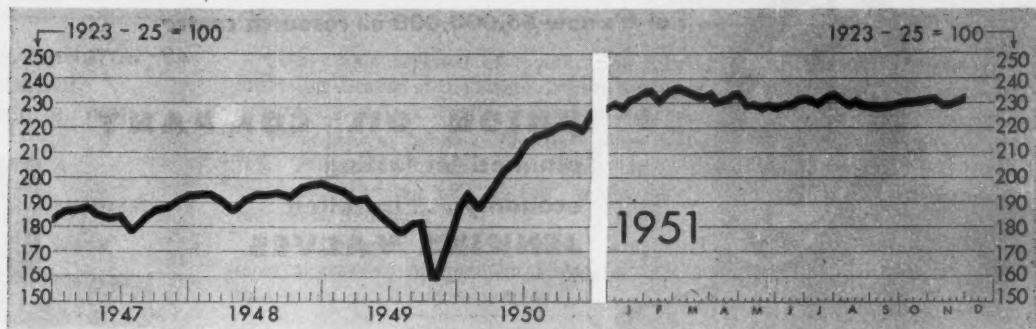
2 KUWAIT. Now in operation, the largest oil pier ever built—loading capacity 900,000 b. p. d. (Kuwait Oil Company Limited)

3 BAHREIN. Pioneer refinery in world's greatest oil reserve area. Complete by Bechtel, including port. (Caltex)

4 SUMATRA. Oil field development, construction of gathering centers, pipe line, pump station, barge terminal, deepwater port. (N. V. Caltex Pacific Petroleum Maatschappij)

5 VENEZUELA. Repressing plants, pipe line, telephone lines, jungle highway—making oil from the interior available on the Caribbean coast. (Mene Grande Oil Company)

FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Steel ingot production (thousands of tons)	2,071	2,079	2,019	1,938	1,281
Production of automobiles and trucks	117,224	+86,313	118,743	152,107	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$42,591	+\$37,045	\$32,767	\$51,969	\$17,083
Electric power output (million kilowatt-hours)	7,476	7,157	7,319	6,716	4,238
Crude oil and condensate production (daily av., thousands of bbls.)	6,246	5,888	6,288	5,825	4,751
Bituminous coal production (daily average, thousands of tons)	2,018	+1,993	1,928	1,834	1,745

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars)	77	77	82	81	82
Carloadings: all other (daily av., thousands of cars)	58	58	62	58	53
Department store sales (change from same week of preceding year)	+11%	+2%	+5%	-3%	+30%
Business failures (Dun and Bradstreet, number)	148	149	143	160	217

PRICES

	Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	459.8	456.9	458.6	483.2	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100)	317.1	315.9	313.5	337.1	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100)	357.5	357.7	356.8	361.3	274.7
Finished steel composite (Iron Age, lb.)	4.131¢	4.131¢	4.131¢	4.131¢	2.686¢
Scrap steel composite (Iron Age, ton)	\$42.00	\$42.00	\$42.00	\$40.75	\$20.27
Copper (electrolytic, Connecticut Valley, lb.)	24.500¢	24.500¢	24.500¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.57	\$2.54	\$2.49	\$2.26	\$1.97
Cotton, daily price (middling, ten designated markets, lb.)	42.94¢	42.23¢	38.99¢	42.25¢	30.56¢
Wool tops (Boston, lb.)	\$2.15	\$2.23	\$2.40	\$3.35	\$1.51

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
90 stocks, price index (Standard & Poor's)	182.2	178.5	181.2	154.2	135.7
Medium grade corporate bond yield (Baa issues, Moody's)	3.59%	3.58%	3.54%	3.22%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	21%	21%	21%	11-13%	3-1%

BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Demand deposits adjusted, reporting member banks	53,040	52,357	52,124	50,546	††45,210
Total loans and investments, reporting member banks	73,260	72,652	72,648	69,923	††71,147
Commercial and agricultural loans, reporting member banks	20,865	20,872	20,571	17,097	††9,221
U. S. gov't and guaranteed obligations held, reporting member banks	32,082	31,524	31,926	32,984	††49,200
Total federal reserve credit outstanding	24,679	24,745	24,427	20,501	23,883

MONTHLY FIGURES OF THE WEEK

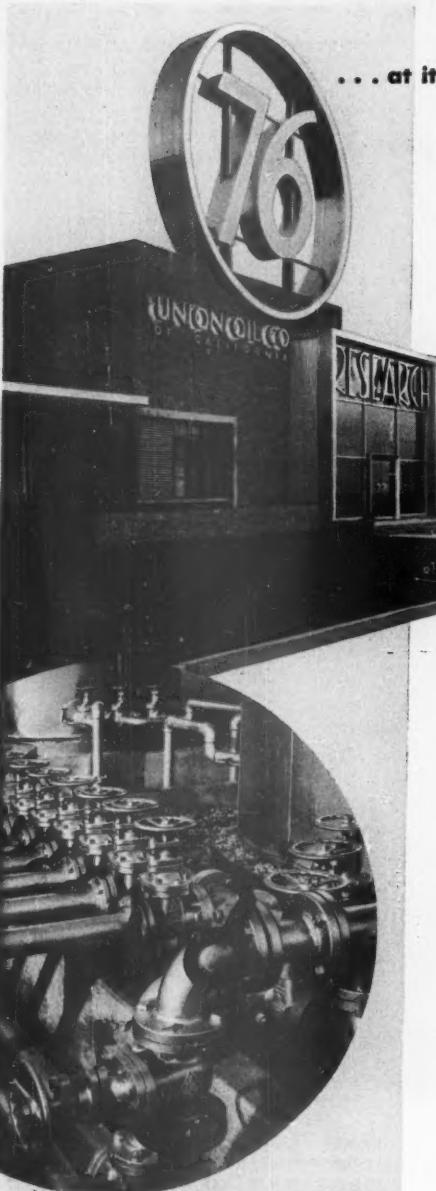
	Latest Month	Preceding Month	Year Ago	1946 Average
Consumer credit outstanding (in millions)	October	\$19,528	\$19,350	\$19,398
Installment credit outstanding (in millions)	October	\$13,167	\$13,163	\$13,389
Manufacturers' inventories (seasonally adjusted, in billions)	October	\$41.3	\$41.1	\$30.9
Private expenditures for new construction (in millions)	November	\$1,694	\$1,800	\$1,901
Public expenditures for new construction (in millions)	November	\$821	\$914	\$668
Employment (in millions)	November	61.3	61.8	61.3
Unemployment (in millions)	November	1.8	1.6	2.2

*Preliminary, week ended Dec. 1.

††Estimate (BW—Jul. 12 '47, p16).

‡ Date for "Latest Week" on each series on request

† Revised.



... at its new \$5,000,000 oil research center

UNION OIL COMPANY planned for lasting economy . . . installed **JENKINS VALVES**

Architects
AUSTIN, FIELD & FRY, LOS ANGELES
General Contractors
P. J. WALKER CO., LOS ANGELES
Mechanical Contractors
S. GLEN HICKMAN CO., LOS ANGELES
Consulting Mechanical Engineers
SAMUEL L. KAYE, LOS ANGELES

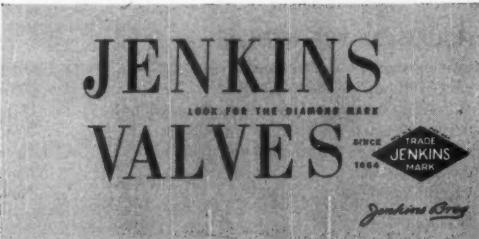
The new 14-building research center of the Union Oil Company of California is unique in many features of design. Here, a research staff of 250 will have every modern facility for developing products that will shape the company's future progress.

The same future-minded attitude was maintained toward plant operating costs by the architects and engineers who specified equipment. To insure lasting efficiency and maintenance economy, they chose Jenkins Valves for more than 3,000 control points on the miles of steam, water, sanitation, fire-control, and other pipelines essential to operations.

Like so many of the nation's top-flight building specialists, these men have confidence in the *extra measure* of efficiency and endurance built into Jenkins Valves.

Despite this extra value, *you pay no more* for Jenkins Valves. For new installations, for all replacements, let the Jenkins Diamond be your guide to lasting valve economy. Jenkins Bros., 100 Park Avenue, New York 17; Jenkins Bros., Ltd., Montreal.

SOME OF THE 3000 JENKINS VALVES installed at the new research center. Many structural innovations, designed to simplify maintenance, are unique in this plant. Tunnels between buildings carry all pipelines; make them readily accessible. Air-conditioning system supplies 100% fresh air to laboratories at all times. The administration building, shown above, is one of 14 major buildings on a 100 acre site.



WASHINGTON OUTLOOK

WASHINGTON
BUREAU
DEC. 8, 1951



A
BUSINESS
WEEK
SERVICE

No major reversal of mobilization strategy is ahead. This needs repeating because of the rising concern among many businessmen that once Congress gets back it will force all-out rearmament.

The present "guns-and-butter" policy will stand. Don't lose sight of this: The arms program is not nearly big enough to make full use of the economy. Cutting off "butter" would surely result in idle machines, materials, and men.

Next year is an election year. And barring full war, not even the most aggressive rearmament advocates in Congress would risk a policy that would cause unemployment.

But there will be shifts in emphasis. And these will bring on new problems. Johnson's Senate committee (BW—Dec. 1 '51, p19) has put the President and Wilson on a spot. There's no escaping the fact that defense production is way off schedule. Truman and Wilson know it and are planning moves to speed things.

The big problem is tools—not materials. Tools account for the delay in jet engines, for example. And unless Wilson can find a way to break the tool bottleneck, he may decide to raid civilian hard goods makers—autos, for example—for some of their machines. If he does, this will mean more cutbacks until new tools are available.

But no drastic ban on civilian hard goods is in sight. The worst to expect is a further tightening. And that will be hard if there's peace in Korea late this year or early next.

A word of caution on estimates of rising arms output: Mobilizer Wilson has just said that production is rising at the rate of \$1-billion per month. A little arithmetic will show that at this rate of climb the present monthly output of \$2-billion plus would hit \$14-billion plus inside 12 months—or an annual rate of some \$168-billion. Wilson didn't mean that at all. What he meant was that over the next year we will add some \$12-billion to total arms production.

Manly Fleischmann is talking about leaving. The DPA-NPA boss told Wilson at the start that he would stay only until the Controlled Materials Plan was well launched.

Henry Fowler, Fleischmann's deputy in the National Production Authority, is slated to take over that agency. His advance to administrator is expected in January.

A big-name businessman is speculated on to head the Defense Production Administration. The feeling is that Wilson will need a man of influence to help him push arms output, once there's no fighting in Korea to provide a patriotic spark.

Price chief DiSalle plans to resign early in 1952. The date is tentative. He will stay until a successor is found. But he's very anxious to go back to Ohio politics, and the "inflation lull" is his chance.

Ed Phelps, deputy administrator in the Office of Price Stabilization, is the most talked of prospect to take over as chief.

Ed Morgan, OPS enforcement boss, may return to the Justice Dept. as tax fraud prosecutor, taking over from Caudle (who was fired).

WASHINGTON OUTLOOK

(Continued)

WASHINGTON
BUREAU
DEC. 8, 1951

OPS is discouraging price cuts. That may sound cockeyed. But it's a fact, nonetheless. Here's the picture:

Many prices currently are below ceilings. So OPS is moving in, setting new ceilings at about current levels. In other words, manufacturers are now on notice that if they pass along cost declines to customers they invite OPS to lower their ceilings. Thus you can be sure manufacturers will think twice before cutting prices hereafter. For they know that if costs rise later they'll have to go through a lot of red tape to get their ceilings jacked back up. OPS is aware of this. But it's eager to court consumers by making a show of lower ceilings.

The Council of Economic Advisers is into politics again.

Watch for the January report. It will be an economic justification for the whole Fair Deal program. The council's attitude is that if Truman (or his candidate) wins next year the council is safe. But if the GOP wins, the council is pretty sure to be junked.

Washington forecasters are hedging their Christmas predictions. Up to now, they've been quick to forecast retail sales above last year's record. Now they aren't so sure. They feel the pickup isn't so big as they expected. Current talk is of a business volume approaching that of 1950. But that's still good business by any standards.

There's much optimism about Korea. Confidence is high among government officials that an armistice will be worked out, probably before the month's end and surely not later than next month.

But that won't end the cold war. Nobody believes that the Soviet will call off the arms race on any terms we can accept soon.

Eisenhower's candidacy is taken more and more for granted by his backers. At the new headquarters for the general here, inquirers are assured that it's no longer a question of "whether" but only of "how" the announcement will come. And there are hints that Eisenhower has set the date for his plunge.

Washington is now really alarmed by the scandals. The original strategy of trying to pass off the disclosures as smear attacks just won't work anymore. For the charges keep getting more serious all the time.

Are the charges true? Some are—and much evidence is yet to come. Meanwhile, reports from the grassroots say that the voters already are in such a frame of mind that they are willing to believe anything. That really scares the Democrats.

A dramatic move by Truman is predicted. Advisers are telling him he's got to move fast, or else the impression that our leaders knew about the dirty work, but didn't act, will be too deep to uproot. Some big heads might roll.

Political consequences of the scandals can't be foreseen, of course. But the way things are developing, dishonesty in government may top foreign policy and the Fair Deal as a 1952 issue. It's something the people understand, something that strikes close to home.



JOY

JOY MANUFACTURING COMPANY
Machinery for the Basic Industries

HENRY W. OLIVER BUILDING
PITTSBURGH 22, PA.
October 19, 1951

The International Nickel Company, Inc.
67 Wall Street
New York 5, N. Y.

Attention: Development and Research Division

Gentlemen:

Among the many developments contributed by the Joy Manufacturing Company to the coal mining industry is the Continuous Miner. This unique machine combines the operations ordinarily done by blasting, cutting, drilling, and loading. The Continuous Miner rips coal from the solid face and deposits it in the transportation system. By eliminating blasting, the machine materially increases safety and reduces the amount of timbering necessary to support the roof. Water sprays wet down the coal during mining operations to minimize dust.

The Joy Continuous Miner rips out the coal by brute force. A series of tungsten-carbide tipped bits, mounted on a rotating drum, are jammed into the coal by hydraulic pressure. The combination of upward force and rotating action does the work. The tremendous power exerted by the Continuous Miner inevitably results in severe stresses, shock, and wear. To insure continuous, trouble-free operation, the machine must be constructed of rugged and durable parts. Hence, it is only natural that we gave the most careful consideration to the selection of the materials used for components of this machine.

Among others, we discussed these problems with your technical field men. They contributed not only valuable suggestions, but practical experience in the solution of problems of a comparable nature, which helped us to improve control over certain of our manufacturing and processing operations.

We wish you to know that this help, so freely given by your technical staff, is sincerely appreciated.

Yours very truly,

JOY MANUFACTURING COMPANY

John Merck, Chief Engineer

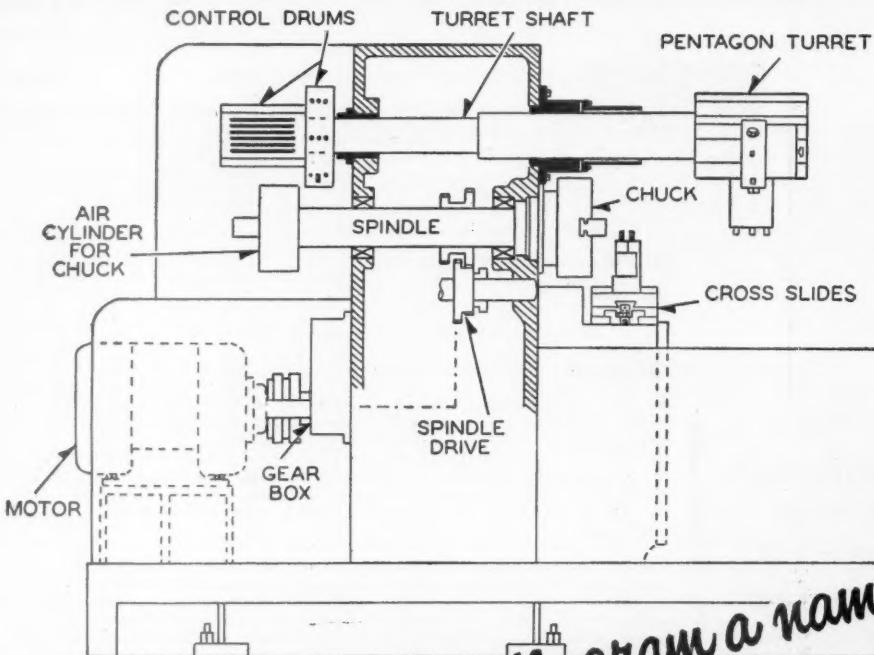
AIR COMPRESSORS • ROCK DRILLS • CORE DRILLS • MOISTS • FANS • BLOWERS • OXYGEN GENERATORS • OIL FIELD DRILLS
AND A COMPLETE LINE OF EQUIPMENT FOR MINES, TUNNELS, QUARRIES AND THE CONSTRUCTION INDUSTRY

At the present time, the bulk of the nickel produced is being diverted to defense. Through application to the appropriate authorities, nickel is obtainable for the production of engineering alloys for many end uses in defense and defense-supporting industries.

We shall continue to make available to industry technical data and service experience on alloys containing nickel, as dissemination of such information can help promote the intelligent utilization of critical materials.



THE INTERNATIONAL NICKEL COMPANY, INC. 67 WALL STREET
NEW YORK 5, N.Y.



We've given this diagram a name...
"SIMPLICITY!"



**WARNER
&
SWASEY**
Cleveland

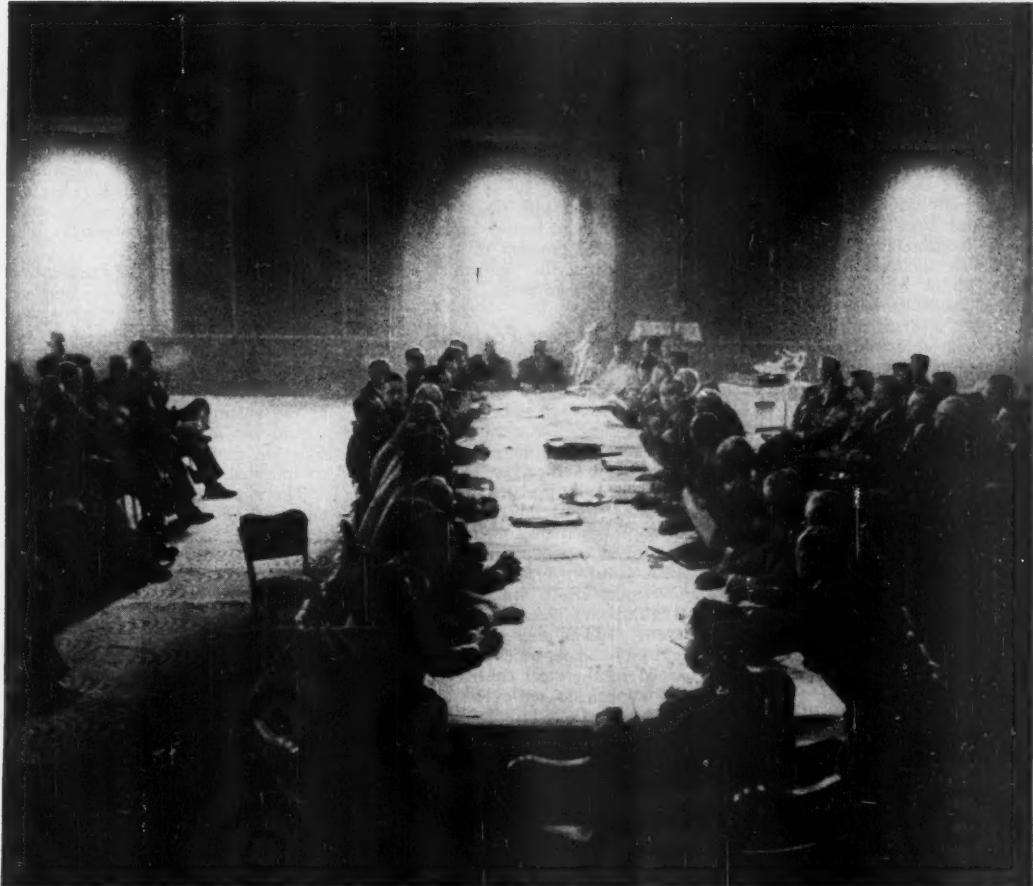
WE'VE LABELED IT "simplicity" because the machine it represents is so simple. Engineered simplicity is designed into the Warner & Swasey 1-AC Single Spindle Automatic Chucking Machine.

The 1-AC is simple and easy to set up . . . simple to tool, and simple to operate. There are no cams to change, and tooling stations are easy to get at. A wide range of speeds and feeds are readily available.

You get accurate, automatic machine operation on even small lot jobs that were never practical for automatic machines before.

One man can operate two machines, turning out substantially more production than two men on hand operated machines . . . and with a large saving in setup time.

Certain machining jobs in your plant—even in small or medium lot runs—can undoubtedly be done faster, and with less manpower, with the 1-AC Automatic. To find out how this 1-AC fits into your production picture, call our Field Representative in your territory.



CIO AND BIG STEEL representatives sat down in Pittsburgh this week to thrash out a new steel contract. But there's more . . .

At Stake: Industry's Wage Line

Pittsburgh was the focus of business attention this week—even though in Washington a new economic stabilization chief was taking over, in New York the NAM was in national convention, and in Paris the Big Four powers were trying to find a disarmament formula.

In Pittsburgh—in a foyer off the ballroom in the William Penn Hotel—representatives of U.S. Steel and the CIO were determining American industry's wage, price, and profit levels for a large part of 1952.

• **The Wage Pace**—At midnight on Dec. 31, the contracts expire that

have governed the relations between the basic steel companies and their unionized employees for the past two years.

The ultimate wage settlement in steel will just about set the pace for the wage increase parade for at least the first quarter of next year. Until John L. Lewis and the coal operators come to terms on a new contract—some time in April—steel will set the pattern. The "steel package" will sit on every bargaining table in the land where wages are being discussed.

As the negotiators sit down, the best

bet is that the package will involve a wage increase somewhere between 15¢ and 20¢.

• **The Strike Pace**—Don't look for a serious steel strike. There may be a strike; but Washington is determined that, if one does come, it will be short. And Washington will make the real decisions.

But a new steel contract written without a protracted strike can prove a misleading omen for other industries in 1952. Many employers will find the steel wage boost too rich for their blood. To get them to accept it, many

unions will have to fight, strike, and overcome great resistance.

Thus, though the steel negotiations may come to a peaceful ending themselves, they may be ushering in a stormy year on the labor front. The production the nation can save in averting a steel stoppage may very well be lost, and lost again, in strikes in other industries—strikes originating in some formula cleverly devised to save steel.

I. Points of Strength

That some formula will be worked out to give the steelworkers more pay than present stabilization rules permit is obvious from the strength of the CIO's bargaining position.

Thus far, the union negotiating team under Philip Murray has not been specific about its wage demand. It is asking a "substantial" boost and has made some anteroom hints that it is looking for "about 30¢." Both the figure and the technique are standard Murray bargaining gambits.

Nor has U.S. Steel yet made any specific proposal. It has taken one firm position: Any wage increase must be paid for in increased prices. And any counteroffer it may make is likely to be limited to 6¢—the amount allowable under the Wage Stabilization Board's Regulation No. 8 (which permits increases sufficient to restore the "loss in real value of wages" from Jan. 1, 1951, to the date of the increase).

Evidently, the coming pay hike in steel will be fixed within a range of from 6¢ to 30¢ an hour.

But at what point?

• **Considerations**—In attempting to answer that question, three considerations must be weighed:

(1) The need for steel is critical.

This is a factor playing into Murray's hands. Murray will be able to get more than he would otherwise, because the cost of a strike is too great to pay.

(2) We are less than a year away from a national election. This is the party-in-power's last chance to show the steelworkers—and the millions of other employees whose wages will be set by the steel bargain—the dollars-and-cents value of keeping a friendly administration in Washington.

This, too, favors Murray. Washington's role in the determination of 1952 steel wages dwarfs in importance the roles of both the companies and the union. If the issue cannot be settled in Pittsburgh, Washington takes over automatically—either through the disputes-handling powers of WSB or through some fact-finding tribunal that the President may establish. And if, by some unexpected miracle, an agreement is reached in Pittsburgh, WSB must review and approve it before it can become effective.

(3) Murray has revealed a considerable sensitivity to public opinion. He wants neither for himself nor for his union the onus of responsibility for wrecking inflation controls.

To some degree, this limits what Murray will fight for in the way of a settlement figure. It is conceivable at least that if he were really determined about it he could get 30¢. But it would take some very tough talk indeed, and almost certainly a strike. More important, a boost of such size, with its attendant steel price adjustment, would write finis to economic stabilization. Murray is going to try hard to avoid being charged with doing that.

Weigh these factors, and you come up with the prospect of a final settlement costing the companies between 15¢ and 20¢ an hour.

II. The Clever Formula

WSB demonstrated this week in the rubber wage settlement (page 33) the contortions it can go through to approve a wage deal. There are several rationalizations it could find for a 15¢ to 20¢ wage boost in steel:

WSB could find that the cost-of-living index for October, 1950—the latest available when steel made its last wage change—is a more appropriate base date than January, 1951. In that event, a 7% index rise is available to justify a 13¢-an-hour increase to "keep wages even." Add another 4¢ per hour in lieu of paid holidays, which are not now provided in the steel contracts, and you get enough to settle the present dispute.

Another way it can be done is to use the "annual improvement" or productivity allowance WSB approved in the General Motors case. This permitted 4¢ to be added to GM pay envelopes, over and above cost-of-living wage boosts. Some steel economists say pro-

ductivity in their industry has advanced faster than in autos. It wouldn't be too hard for WSB to find a 5¢ productivity increase justified in steel; plus 4¢ for paid holidays; plus 6¢ under Regulation No. 8; plus another 1¢ or 2¢ in added night shift premiums—for a total of 15¢ to 18¢. Again, enough to settle the dispute.

• **The Play's the Thing**—Both of these methods of calculation, and a number of others that are possible, will commend themselves to WSB for the overriding reason that they will get the steel case disposed of without seeming to tear up all the wage rules. That may well be specious play-acting, but everyone is expected to cooperate in its staging.

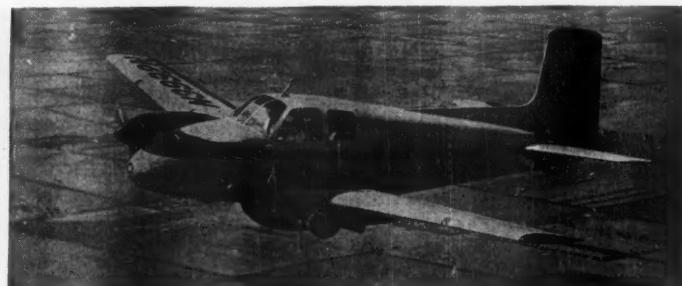
WSB, Wilson, and the President will want it that way—because they feel they must avoid a steel strike without giving the impression that wage control has been abandoned.

The union will want it that way—because it doesn't want to be portrayed as the villain who burned the house.

And the industry will want it that way—for motives that are the most complicated of all.

The industry must have its price increases, and their adequacy will be determined largely by Washington's good will. A dog-in-the-manger attitude toward a wage increase conspiracy could cost the steel companies money—real money—on their price list.

Another motive for helping sell the idea that a big wage boost won't really take off the lid is the concern for its public relations that the industry shares with Murray. It doesn't covet a reputation for being party to the wrecking of economic stabilization. In the end, the industry knows it will have to accept, however reluctantly, a government dictate. It doesn't want its acceptance construed as a betrayal of business' interests.



New Executive Plane Sells Out Fast

If you want one of these Beechcraft Twin-Bonanza executive planes, you'll have to wait. Beech Aircraft Corp. scheduled 100 for production in 1952; all were sold be-

fore the nationwide demonstration tour wound up last week. The plane cruises at 180 mph. for 950 mi. on a tankful, and fit needs of feeder airlines. It costs \$50,000.

Cure for Martin?

By yearend, plane maker will seek to cure shortage of cash. It could mean management change.

The Glenn L. Martin Co. is starving at the laden banquet table. The airplane manufacturer has a backlog of well over \$400-million in orders. But it also has a dire shortage of cash.

• **RFC Loan**—By yearend Martin will take drastic action to dig out of the fiscal mire, according to the Dec. 10 issue of Aviation Week, a McGraw-Hill publication. Currently, the company's books show \$6,621,000 in cash against debts of \$26-million. Of the red ink side, \$14,410,000 is owed to the Reconstruction Finance Corp. Martin, to date, has met every payment and condition punctiliously. Officially, it has not asked RFC for any more money. But unofficial approaches were made, and RFC indicated that it isn't interested.

Decision on what to do will be made before Dec. 31, when Martin will have just about used up its emergency help from the Navy—an extension of \$3-million of its V-loan, plus an additional \$3.5-million. There are three principal courses by which the company can still seek an infusion of new money:

Private capital. Martin is busily seeking private money. Despite the company's buckets of red ink in the past 18 months, it remains an attractive investor's item—at the right price. Partly, that's due to the military backlog. And partly to the extremely favorable tax position into which its losses have thrust it. Last year the company announced an \$18-million loss; such losses carried forward could make a nice tax cushion for future profits.

At least two private syndicates are dickered now over plans to buy Martin outright. The idea would be to install a new top management, but hold together the admittedly first-class engineering, research, and electronics staffs.

Such major lending agencies as the Mellon National Bank & Trust Co. of Pittsburgh, Chase National Bank of New York, National City Bank of New York, and Baltimore National Bank—which have put up Martin's present V-loan money—are considering additional investment in Martin, perhaps via some form of V-loan.

It has also been suggested that other aircraft makers, such as Republic, Grumman, and Convair, come to the rescue by taking over some Martin contracts and facilities. Both Martin and the highly interested armed services fear

that this would be disastrous to the morale of employees. That objection might be met by help from outside the industry, and there has also been talk that a major automobile manufacturer might move in.

Government financing. Martin may seek more government money to tide it over for military production of Navy flying boats, the Air Force's B-57A Canberra jet bomber, guided missiles, such as the Matador and Viking, and electronic equipment.

After conferences with Martin, the Navy, Air Force, and Defense Production Authority have indicated that they could order additional funds for the company. This could be done by a DPA order to RFC. There's a catch, though: Martin might have to cancel its commercial contracts.

Receivership. Martin might be forced into receivership to effect the reorganization and recapitalization needed to offset its massive recent losses.

No matter which alternative is picked, the company is sure to continue doing business at the same old stand. The government, the aircraft industry, and private capital are all determined to keep it going, even though its face may get lifted considerably in the process.

A principal problem facing the company is deciding what to do with its commercial contracts to build the costly 4-0-4 transport. The 4-0-4 is the culmination of the troubles that have been besetting Martin since World War II.

• **Too Hopeful**—Martin, like just about everyone else in the industry, overestimated the postwar market for commercial planes. The company dived into the immensely competitive two-engine transport field, with its 2-0-2 and 3-0-3 models. Martin figured it could sell about 700 of them; price schedules, therefore, were fixed at that scale of production.

Actually, just 31 of the planes were sold. Company sales prestige was also hurt by accidents. All in all, the 2-0-2 venture cost Martin approximately \$36-million before production was stopped in 1948.

The company coasted along for a while on modest military orders, then decided to invade the commercial field again.

Then in 1950 the company introduced the 40-passenger 4-0-4, which proved to be directly competitive with Convair's 340. Both companies set their prices on the basis that they would have military as well as civilian orders. Convair got the military orders, Martin didn't—or hasn't yet.

That's why Martin is stuck now with commercial contracts to build 4-0-4s at uneconomic prices.

100-Year Loan

Union Carbide gets a flexible deal with insurance companies to finance future expansion.

Union Carbide & Carbon Corp. outdid the 99-year lease last week. It set up a new standard for perpetuity: a 100-year loan. Its notes for \$300-million are being split evenly between the Metropolitan and Prudential companies.

Wall Street raises its eyebrows at both the maturity and the interest rate. The notes carry a 3½% ticket. That's less than 4% more than the 3½% to 3¾% that top corporations have been paying for 30-year money.

Fine print in the loan agreement explains why both parties were willing to sign up for 100 years—and also makes the rate look more reasonable. The explanation: There's an escape hatch. Anytime after Nov. 1, 1959, either party can call for conversion of the entire loan to 25-year 3½% notes.

• **Eventualities**—Any of four things can now happen to the loan:

• The notes can run to maturity on Nov. 1, 2051. As long as it remains unconverted, the loan requires no set-aside for sinking fund. Union Carbide would have had the use of the money. The insurance companies would have raked in some \$1.1-billion in interest. In this case, Carbide would be paying the full 3½% rate.

• Carbide can pay up before the maturity date. But the company can't pay off by borrowing money elsewhere at a lower rate. Repayment can come only from earnings or from sale of stock.

• Carbide can elect after November, 1959, to convert the loan to 25-year 3½% notes. In this case, a sinking fund would have to be set up five years after the conversion. The company would use this option, of course, if interest rates were softening.

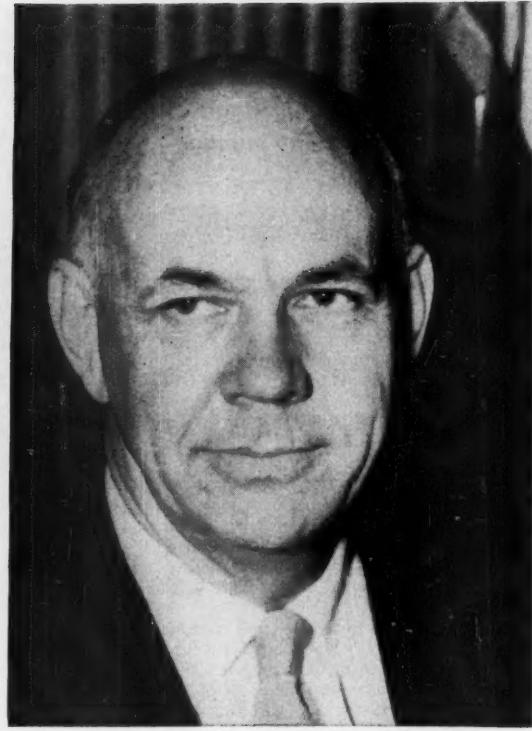
• Metropolitan and Prudential can make the same election after Nov. 1, 1959, if money rates are rising notably and look as if they'd stay high.

• **Advantages**—If either party takes advantage of the conversion clause, Carbide will pay 3½% for eight years or more and 3¾% for the next 25 years. That's slightly higher than the going rates for 33-year money. But there are advantages for Carbide.

Carbide doesn't need \$300-million right now, or even before Nov. 1, 1954, the time when the full amount will be in hand. But it's a growing company, with long-range expansion needs, and this method of borrowing gives flexibility. It's the next thing to issuing more common stock.



PATTERN for handling trouble spots was set by wartime rubber czar William Jeffers.



PLANES Czar Harold R. Boyer made the Air Force ease off on design changes in the factory.

For the Tough Spots—One-Man

During World War II, whenever any part of the production program got especially fouled up, the stock solution was to appoint some person from industry to straighten it out. These industry "czars" were given semi-autonomous powers right across agency lines. They called the turn on operations of industries ranging all the way from synthetic rubber and coal to public transportation and housing.

All during the war, Charles E. Wilson, WPB's top production officer, took a dim view of these controls czars. He battled with one or another of them much of the time.

Now the same Charles E. Wilson has pulled a switch. He has revived the czar concept as a prime tool for carrying out the present mobilization program. Right now, he's got four of them shaking out kinks in production of machine tools, aircraft, aluminum, and electronic equipment.

• **Different Pattern**—Although Wilson's four czars have powers approximating those of their wartime predecessors, the resemblance just about ends right there. Wilson's potent quartet

works closely with other mobilization officials, generally behind closed doors.

Wilson planned it that way. He personally selected three of his czars: Clay P. Bedford, to tackle machine tool production; Harold R. (Bill) Boyer for aircraft, and Samuel W. Anderson for aluminum. They are responsible only to Wilson and Defense Production head, Manly Fleischmann.

At DPA, the three deputies found Edmund T. Morris, Jr., already at work riding herd on electronic production. Morris was appointed last spring by William H. Harrison, Fleischmann's predecessor, as chairman of DPA's electronics production board.

I. Resemblance Accidental

The fact that the new czars were hand-picked undoubtedly accounts for the absence of the noisy friction that marked the careers of most of their World War II prototypes.

Wilson and his WPB boss, Donald M. Nelson, had most of their czars thrust upon them. Harold Ickes was put into business as both petroleum

and coal czar by order of the President. So was transportation czar Joseph B. Eastman. Rubber czar William M. Jeffers, possibly the most imperious of the lot, also was appointed by the White House. Though he was expected to work within WPB, he stood no interference.

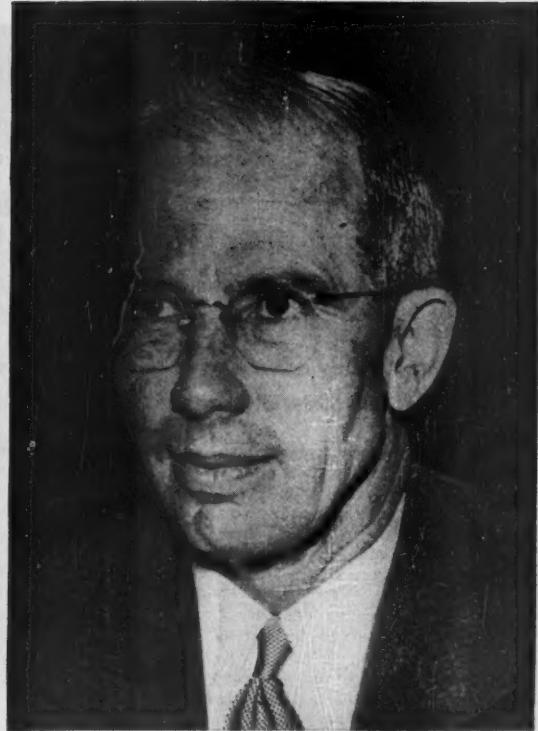
Jeffers, like Ickes, Eastman, and the others, came into conflict with Nelson and other controls officials largely because they operated outside WPB. Their principal job was to keep production of rubber, oil, and the like at the highest possible levels to meet wartime needs. It was inevitable that they should wrangle with WPB, which parceled out raw materials to them and all other production programs.

You might well have had the same kind of czars in the present mobilization setup, with broad powers being handed out again for claiming materials and setting production goals. But, so far, none of them has shown the inclination to blossom forth as a Jeffers, Ickes, or Eastman. The President's designation of Washington-wise Charlie Wilson as the No. 1 mobiliza-



ELECTRONICS

E. T. Morris, Jr., specializes in foreseeing production trouble, heading it off.



TOOLS

Clay P. Bedford cut across agency lines to get higher prices for machine tool makers.

Control

tion boss may have shattered any budding dreams of czardom.

II. Trouble Shooters

Except for Anderson, the new czars owe their jobs to bottlenecks in output of key items required by the military.

Morris, head of Westinghouse Electric Corp.'s electronic and X-ray division, was called first to help straighten out snarls in radar and other electronic products. Bill Boyer, director of production engineering for General Motors, was tapped when Wilson found military aircraft production falling further and further behind schedule.

• **Long and Short Range**—Wilson snatched Clay Bedford from the Kaiser-Frazer Corp. His big DPA job is to start machine tools flowing into plants working on military orders, and then to break other miscellaneous military production bottlenecks.

Beyond stepping up aluminum production and seeing to it that the right shapes and forms are produced, Sam Anderson, recruited from the International Bank, has longer-range duties.

He has to decide whether more new aluminum plants must be built, who will build them, and when.

III. No Fanfare

Possibly because their jobs are the most pressing at the moment, Bedford and Boyer have the most impressive delegations of authority. Each can make production policy on his own, subject only to approval by Wilson and Fleischmann, who usually approve. They work closely together, and both deal with other mobilization officials on prices, wages, military contracts.

• **Hurdle-Jumping**—It was Bedford who pulled the first big log out of the tools jam. Tool makers claimed they couldn't live with the Office of Price Stabilization's general ceiling on machinery, took little interest in military orders. Bedford took up their case with OPS, finally came out with a price increase of 12% above pre-Korea levels.

• **First Priority**—But their biggest—and toughest—job has been getting the armed services to schedule their needs on an urgency basis—jet aircraft engines ahead of piston engines, and the like. To overcome this problem, the team set up a tools urgency list on the kind of machine tools needed most for the

most critical production items. That will get the plants into partial production without waiting until all their tools are delivered.

Bedford is planning to use this military scheduling technique to get production going on all critical lines.

Boyer has clamped down hard on military changes in aircraft specifications. Planes come off production lines now ready to fly.

• **Knows Way Around**—Anderson, who has been on the job only a few weeks, already has found his way around the controls agencies. One of his first problems involved Alcoa's plant now being built at Rockdale, Tex.

The Rockdale plant may be ready to operate its first potline next September. But the power facilities to run it won't be ready by then, or they wouldn't have been but for Anderson.

Anderson prevailed upon NPA officials to dip into the metals reserve they save over from allotments to get materials for two turbogenerators. The facilities will be waiting for Alcoa.

• **Electronics**—Morris' problems are similar, but of a less spectacular nature. Electronics production, though not so high as some of the mobilizers think it should be, has generally kept abreast of military requirements.

Who's Afraid of Recession?

- A fair number of businessmen are beginning to be—mostly the older executives and ones in conservative towns.
- Few have specific reasons for their fears; they just don't believe things can go at boom levels much longer.
- Some think they see the traditional warning signals of a downturn in the business cycle.
- And so they are trying to hold down inventory, keep capital liquid, cut costs, and get set for hard selling.

A substantial minority of U.S. business thinks the boom is going to fall apart within the next 18 months. It is bracing itself for a major business slump—ranging all the way from a moderate recession to a complete collapse.

This isn't the picture that most economists sketch. And it isn't what the majority of businessmen see ahead. The more or less official forecast is that defense spending will keep the whole economy in high gear at least through 1953. Any slack that develops on the civilian side will be little enough compared with military demands and the expanding European aid program.

• **Dissenting Opinions**—Nevertheless, the minority opinion is worth watching—for two reasons:

• It can make a big difference in the way a particular company operates. The businessman who sees a recession lurking behind the door is likely to regulate his inventory, employment, and investment policies accordingly. If enough businessmen do that, their caution will take some of the stimulus out of government spending.

• The majority isn't always right—especially when it is predicting the ups and downs of the business cycle. Businessmen who battened down the hatches in the summer of 1929 were pitifully assured by their friends that their judgment was slipping. And it is still true in economics that a good hunch will get you further than a slide rule, most of the time.

• **Survey**—This week BUSINESS WEEK correspondents all over the country talked to company executives about the outlook for the next year and a half. They asked: "What do you think will happen to business in general and to your business in particular? And what can you do about it?"

They found most businessmen banking on high-level production and employment through 1952 and 1953. The typical executive these days is worrying about materials and manpower—not about markets.

But they also found a strong undercurrent of recession thinking. Comments like these cropped up again and again:

"Our company's planning allows for the possibility of some declines in 1952 that would be reflected in softened prices and lower output."

"We are operating as though the world's worst depression is tomorrow."

"Something's got to give in our economy—and that means a recession."

"The next depression? We are starting it now."

"It will come some time after the first of the year, but I can't say just how soon."

"It has been constantly on our minds in great big capital letters ever since business started falling off last April."

• **Burned Children**—In general, these comments came from the older men—men who remember the Twenties and Thirties as personal experience rather than as something out of a book. As one of them said, "When you see a dog with a crimp in his tail, you can figure he learned about doors the hard way. Well, I've had a crimp in my tail since 1929."

Recession talk cropped up most often in New England and in the Midwest. There wasn't much of it in the South—although the all-important textile industry has its fingers crossed. California feels pretty chipper, counting on the tremendous growth in its population to pull it through any economic troubles. The Pacific Northwest is a little worried about the lumber industry, but otherwise fairly easy in its mind.

• **Who Is Worried?**—From an industry standpoint, most of the pessimism seems to fall at the ends of the long chain of production and distribution—among the basic materials producers and among the retailers. The industries in between—the fabricators and cutters-up—are more inclined to bet that the boom will last indefinitely.

Retailers are feeling a lot better now that Christmas sales are rolling. But a

lot of them took a bad beating last spring and summer when buying slowed down. They are still smarting from the markdowns they had to make to move out cumbersome inventories.

The basic industries are worried mainly about the enormous expansion of capacity that is going on now. Some of this worry may be for the record—steel wage negotiations are now under way (page 19). But much of it is genuine. One steel executive says glumly: "Sure, we've got five-year amortization on all this new stuff. But what good is that going to do if we can't sell the steel. You can't eat five-year amortization."

• **And Why?**—Most of the businessmen who see recession coming don't try to put their fingers on any specific cause. Consciously or unconsciously, they simply endorse the old German proverb: The tree doesn't grow to the sky.

In conversation, they say things like this:

"Our economy is abnormal and not healthy. You can't keep pumping up a punctured football forever."

"We have had such a large volume of business since World War II that it does not seem possible to have a continuation of this prosperity."

"We've got to get the rotten eggs out of the basket."

"Once we run out of hypo needles, things will get tough."

"Almost everybody fails to grasp the tremendous productive capacity of the nation. And one of these days it is going to catch up with us."

"Times have been too good for too long."

"This kind of hayride doesn't go on forever."

More specifically, some businessmen think that government spending will be cut back abruptly in 1952, especially if there is some sort of peace in Korea. They argue that any cut in the military budget—or even a leveling out—will knock the bottom out of the boom.

• **Warning Signals**—Others have noted some of the classic signals of a turning point in the business cycle. They think that under ordinary conditions, the U.S. would be heading into a depression now and that military spending is simply stalling off the day of reckoning. Sooner or later, they reason, these deflationary forces will build up to the point where they outweigh the effects of government spending.

Here are some of the things they mention:

• New cars haven't been selling well—even though government restrictions have cut output drastically.

• Credit is getting tighter—a traditional sign that the end of the boom is coming.

• The stock market is in trouble,

after climbing up to the highest levels since the Big Bull Market.

• Housing starts are slowing down. Granted, that's mainly because of government restrictions, but it is cutting down the demand for building materials, furniture, and appliances just the same.

• Retail sales dragged badly all through the summer and fall.

• Inventories are still uncomfortably high in a lot of lines—even though business has been trying hard to trim them down.

• The new tax bill will cut heavily into incomes and squeeze hard on corporate cash.

• Costs—especially wage costs—are threatening to get out of hand.

Take any one of these by itself, say the pessimists, and you can explain it away with no trouble. But add them all up, and that's when you start to worry.

• **What to Do?**—If you see a recession coming, is there anything you can do to get ready for it?

"Watch your inventories, and keep your capital liquid," says a New England chemical manufacturer.

"Get your costs down," says a mid-western company. "There is too much of the operating sloppiness that creeps into every organization after things have been good for a while."

These two themes run through most of businessmen's thinking about recession. Along with them run two others:

• Modernize. Put in labor-saving machinery. Put the plant in first-class shape so that costs will be as low as possible. This explains why a lot of businessmen are still pouring money into capital improvements when they see trouble just ahead. They are thinking of cost-saving and efficiency rather than additional capacity.

• Get set for hard, competitive selling. Have some new products ready to go, preferably lower price lines. Scout the possibilities of new uses for your product. Get your sales pitch ready, and get your sales staff on its toes.

• **Planning**—The businessmen who really think that a recession is coming are trying to put these ideas into practice—each in his own way.

To a top executive of a big aluminum company, that means laying plans to crack whole new markets. He doesn't see any other way to dispose of all the additional metal his company will be turning out.

To a store manager in conservative, well-heeled Salt Lake City, it means using promotional items to draw people into his store. He has been trying it lately for the first time—"just to see how it might work if things start slipping."



DPA BOSS Fleischmann gave NAM the bad news on priorities and allocations.



SMITH of Merrill Lynch and . . .



. . . WILSON of Standard Oil talked on capitalism and ethics during . . .

NAM's Unique 56th Session

This year's meeting of the manufacturers' association had some unusual features: It went international, and it gave a special nod toward women in industry.

More than 3,000 manufacturing executives were checking out of New York hotels this weekend. They were on their way home after this year's meeting of the National Association of Manufacturers. Generally, they agreed that they were doing all right in making and selling goods. But they felt that as good citizens they still had unfinished business to take care of.

The NAMers responded warmly to platform pleas to chase Communists and crooks out of government offices. They also agreed with speakers who said that inflation is a threat to be throttled. And they applauded suggestions that other nations would do well to copy our competitive enterprise system.

• **Different**—The 56th annual NAM Congress of American Industry was

way out of the ordinary in several ways:

(1) It went global for the first time. Before the regular program got under way, there were two full days of sessions of the First International Conference of Manufacturers. It was sponsored and arranged by NAM in cooperation with the Economic Cooperation Administration and the National Management Council. This conference, drawing top leaders of industry from 18 Western European countries, climaxed a two-week tour of American industrial plants.

(2) The woman's place in industry was recognized by another first: A special session was needed into the program for wives and women guests attending the NAM Congress. Margaret Hickey, national affairs editor of the Ladies Home Journal, and Ginger



ROBERT MONTGOMERY and . . .



. . . GINGER ROGERS were among the principal speakers.

Rogers, who has just been booked for a \$1-million TV program, were the headliners.

(3) There were fewer formal addresses than ever before and a proportionately larger amount of time given over to panel discussions. Panels on implant employee communications and communitywide communications were held on two consecutive days. Three other panel sessions were held on government contracts and procurement, industry and government research, and current educational problems.

• **Onlookers**—Not since the end of World War II had the program been loaded with so many people from Washington. They were there, of course, because of the intense interest in contracts and controls of all kinds. A half-dozen educators, several clergymen, and a few other public figures further reduced the number of spots for industrialists themselves to fill.

The new NAM president for the coming year is William J. Grede (pronounced Grady). He is president of Grede Foundries, Inc., at Milwaukee. He succeeds William H. Ruffin, president of Erwin Mills, Inc.

NATO: Still Up in the Air

Rome talks didn't help much to pin down targets, get agreement on procedure. Now it's up to a three-nation committee headed by Averell Harriman.

Confusion surrounds Atlantic rearmament on all sides—military, economic, and political. There's no other way to describe the situation after last week's meeting of the North Atlantic Treaty Organization in Rome.

Take the rash of varying reports on short-term and medium-term targets for numbers of troops in the West Europe defense force. Figures have run all the way from 28 to 40 divisions ready for combat by the end of 1952; for 1954 the range is from 65 divisions to the 100 divisions Eisenhower mentioned in Rome.

- **This Must Happen**—None of these shifting targets means much yet. They won't begin to carry weight until:

- (1) The Three Wise Men (a U.S.-British-French committee headed by W. Averell Harriman) decide how much U.S. aid is needed to achieve what military target, and

- (2) Truman and Congress thrash out how much military and economic aid the U.S. can afford, and how fast. Without this agreement, the Rome meeting worked pretty much in the dark.

- **Count on This**—Until Harriman's report comes out and Washington acts on it, these are about the only things you can count on:

- Efforts will be concentrated on the 1952 buildup, regardless of what medium-term goals are set.

- Truman will ask next year for at least as much aid as this year.

- Even if the ground-troop buildup is bailed through successfully, lack of tactical airpower will still be a big chink in NATO's armor.

- **Economic Angle**—Essentially, the problem studied by NATO's Three Wise Men is this: how to meet a reasonable military goal without torpedoing Europe's economy. The delegates at Rome O.K.'d SHAPE's goals as militarily desirable—but gave Harriman's trio the job of figuring out a way of footing the bill.

The committee will report by mid-December. Early indications are that the "Wise Men" will endorse a target of 40 divisions by the end of 1952, but will turn down a 100-division goal for 1954.

- **Crosstalk**—European leaders are insisting, however, that they couldn't even meet pre-Rome defense targets without more U.S. aid in the fiscal year starting next July. That brings up more confusion. Public disagree-

ment among U.S. spokesmen left Europeans wondering which end was up.

ECA and State Dept. officials assured our allies they'd get at least as much aid next fiscal year, perhaps more. Treasury Secretary Snyder warned them they couldn't count on anything—Congress would decide if and how much—and certainly shouldn't expect increased help in any case.

This exchange reflects a basic difference of opinion in the U.S. Cabinet. Snyder believes the U.S. economy can't bear a larger aid load; Acheson and Harriman believe that NATO must be kept off the rocks at any cost. It's an issue that will have to be thrashed out in the Cabinet and on Capitol Hill during the coming year.

- **Details**—There's also a lot of bickering over secondary economic problems. ECA and the Pentagon are wrangling over the transfer of 10% of this year's military aid to economic uses and over the amount and mechanics of military purchases abroad.

Finally, some European and U.S. economic officials are suggesting that the whole U.S. aid program be changed to a sort of lend-lease arrangement. They want everybody to pitch in and build his defenses—and worry later about paying the bill.

Harriman will probably knock this idea on the head. He is reported to think nobody would actually pitch in and rearm without knowing where the money was coming from—and without seeing his neighbor go ahead first.

- **Political Pitch**—There's a lot of confusion in the political field too. Many Europeans think the U.S. is too preoccupied with the strictly military aspects of the alliance. They feel this weakens popular support in Europe for the rearmament effort. Meanwhile, many Americans think the Europeans are dragging their feet on rearming, are more interested in getting U.S. aid than in bolstering their own security.

- **European Army**—The problem of fitting a rearmed Germany into a European army also is badly snarled in political confusion. Eisenhower is for it, though many of his aides think it won't work. The British give it lip service, but no help. The French are politically divided on the issue. So are the Germans themselves.

Yet all plans for defending Europe rest upon the assumption that there'll be a European army in 1954.

To Management:

We suggest you bring this page to the attention of your Purchasing, Production and Maintenance Depts. One or more of its paragraphs may lead to the solution of critical procurement problems in your plant.

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(1) Handicapped by restrictions on nickel-bearing 18-8 stainless? If you are, straight chrome stainless may enable you to continue your stainless production. For instance, type 430—the most widely used straight chrome steel—can often be substituted for type 302 in applications subject to mild corrosion. Ryerson offers you the largest and most diversified stocks of straight chrome stainless including types 405 and 430 sheets, type 430 plates and type 416 bars.

(2) Manufacturers plagued by seamless tubing scarcities will find that bright-finish, hot rolled welded tubes in 11 gauge and $\frac{1}{16}$ " walls can often be used as an alternate for seamless tubes in the same sizes. These welded tubes are in good supply at Ryerson in a wide range of round and square sizes.

(3) If you are having trouble adopting interim and lean alloys because of the unfamiliar analyses of these new steels, let Ryerson metallurgists work with you. We test all alloys and can assure the hardenability desired. Heat treatment guide with every shipment.

(4) Faced with the problem of finding workable substitutes for special plate shapes? You may find the right answer in forgings. You can get complete information on forgings from our sales representative.

(5) In addition to these alternate steels we recommend a superior babbitt—Glyco Babbitt Metal—instead of more expensive and restricted high tin babbitt. Product of an exclusive Ryerson formula, Glyco is a lead base alloy with physicals equal to tin base types.

(6) And, remember—please give us full information when ordering. For instance, when we know the exact size or length multiple—the cut size or length you will actually use—we may be able to fill your order from smaller pieces or "shorts." Knowledge of acceptable alternates also helps. But, no matter what your requirements, we urge you to check with us. We will always work closely with you—help you get what you need.

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sistance and other unusual properties of Durez can be used to advantage—in time and money.

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PHENOLIC PLASTICS THAT FIT THE JOB

BUSINESS BRIEFS

The auto tire market will tilt even more in favor of the buyer after Jan. 1—when NPA is to lift all restrictions on GR-S synthetic rubber. Makers will be able to turn out all the tires they want, as long as they stay within their allocations of natural rubber. Means early return of cheaper, second-line tires—but no whitewalls.

Baltimore and Philadelphia were hit this week by a Supreme Court ruling against their $\frac{1}{4}$ -a-cwt. rail freight differential on midwest grains. The ruling allows railroads to offer the same rate to New York, Boston, Portland, and other northeast ports.

Tourist-class air service between the U.S. and Europe will begin May 1. Pan American, TWA, and nine foreign companies finally agreed this week on basic rates for New York to London: \$270 one way, \$486 round trip, \$417 round trip during November through March. These rates are slightly higher than Pan Am had proposed (BW-Nov. 24'51,p22).

Boeing got out from under an \$18-million damage suit brought by Northwest Airlines (BW-Sep. 16'50,p25) for delay in delivery of Stratocruisers. When Northwest withdrew its suit, Boeing called off its counterclaim of \$7.2-million (BW-Sep. 15'51,p28). . . . Meanwhile, Boeing's hush-hush B-52 jet bomber was moved in the dark of night last week for ground tests. Unusual security precautions were taken.

Auto notes: OPS allowed Kaiser-Frazer to raise retail prices by \$80 and \$88.09 on the two Henry J. passenger cars. . . . Willys-Overland postponed unveiling of its new two-door Aero Wing sedan until after the holidays. A strike at the Ross Gear & Tool Co., Lafayette, Ind., has held up production.

Southern expansion: Union Carbide (page 21) plans to build a \$33-million plant near Spray, N. C., to make synthetic fibers. . . . American Cyanamid expects to start early in the year on a big nitrogen plant north of New Orleans, to cost \$473-million. . . . General Electric is transferring production of electric blankets from Bridgeport, Conn., to Asheboro, N. C.

Admiral Corp. is dickering to buy the Norge division of Borg-Warner Corp. of Chicago. Norge produces all B-W's consumer products (refrigerators, ranges, washing machines, and other appliances), normally accounts for about 20% of B-W sales.

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2. Q. HOW CAN YOUR ELECTRICAL DEPARTMENT SAVE TIME AND MATERIALS WHEN INSTALLING POWER CABLE?

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3. Q. WHAT'S THE LATEST DEVELOPMENT IN DISTRIBUTION SYSTEMS FOR FLUORESCENT-LIGHTED OFFICE BUILDINGS?

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LABOR



RAILROAD ENGINEERS are getting up steam in drive for higher pensions. Brotherhood of Locomotive Engineers poses a . . .

Tough New Issue for Rail Management

Union argues that, if you can bargain on retirement age under Railway Labor Act, you can also bargain on pensions.

When Congress passed the Railroad Retirement Act in 1937, it looked as though at least one explosive issue had been lifted from the bargaining table for good.

Unions and railroad management tacitly agreed not to challenge the constitutionality of the law—which provides retirement benefits for railroad employees.

Both sides have faithfully held to that agreement. But now pensions are an issue again. A serious demand has developed for rail management to supplement retirement allowances provided by law.

• **Special Treatment**—Railroad workers don't come under the Social Security Act. These workers are specially covered by the retirement act—which has been amended upward three times since 1937 (BW—Oct. 27 '51, p.36)—with substantially higher pensions, annuities, and survivors' benefits. Contribution rates are much higher, too, of course.

The railroads and their employees split the cost equally.

• **Misunderstood?**—Now, though, a new wrinkle has turned up. Railroad management had assumed, correctly or not, that when Congress acted specially in the railroad retirement field it took the pension issue under its exclusive jurisdiction and away from the bargaining table.

At least one union, apparently, doesn't see it that way. The Brotherhood of Locomotive Engineers is now demanding supplemental pensions. It wants a pension total of \$300 a month, or \$135 more than is provided under the retirement act. The demand is not a nationwide union plank at this time; it has been served on a group of western railroads only.

The same union made the same demand on another western railroad a number of years ago, but dropped it. This time, however, the issue is before the National Mediation Board, where

a nationwide demand may be in the making.

• **Persuasive**—The railroads take the position that there is no dispute, except a dispute about the meaning of the Railway Labor Act. That act provides procedures for settling disputes over "rates of pay, rules, and working conditions." Pensions for former employees is none of these three, say the carriers, so there is nothing to mediate.

If the mediation board decides otherwise—and there are signs it will—mediation will be attempted. If that fails and arbitration is refused, the final step will be appointment of an emergency board, whose recommendations would be persuasive though not legally binding.

• **Once Before**—A few years ago, in a somewhat analogous case in the non-railroad labor-management field, the Inland Steel Co. concluded that the Taft-Hartley act did not require it to bargain on pensions with the United Steelworkers (CIO). The Supreme Court held otherwise. The railroads, however, cite the Seventh Circuit Court opinion to buttress their contention that Congress wrote a broader bargain-

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able area into Taft-Hartley than it did into the Railway Labor Act.

In the Inland case, the argument that Congress, through the Social Security Act, had taken exclusive jurisdiction of the pension field was not raised. The railroads, however, contend that Congress created new rights and new remedies with respect to railroad pensions in the Railroad Retirement Act, and the Railway Labor Act must yield to that specific, subsequent legislation.

The railroads have a difficult hurdle in section 7 of the retirement act, which says that nothing "shall be taken as restricting or discouraging payment by employers to retire employees of pensions or gratuities in addition to the annuities or pensions paid to such employees" under the act. This, say the carriers, was put in merely to permit gratuitous additional pensions.

• Still Another—The engineers, ironically, are buttressing their legal position with an argument used by railroad management in another case. The brotherhood and the Chicago & North Western Railroad Co. negotiated an agreement providing for compulsory retirement at age 70. A group of the older C&NW engineers took parties to court, challenging the right to fix their retirement age by collective bargaining. The railroad's defense in that case was this: "The fact that Congress, although empowered to do so, has not seen fit to prescribe compulsory retirement or otherwise to deal specifically with the subject of employee rights to continue in service, we submit, leaves the entire subject matter open for coverage by collective bargaining under the Railway Labor Act, as was done in this case."

The engineers simply add that if you can bargain on compulsory retirement, as C&NW agrees, you can attach conditions to the retirement, namely the amount of pensions.

New FEPC—Sans Teeth

For months the White House has been getting protests against bias. It has heard that, while manpower is short, Negroes can't get jobs in many defense plants (BW-Nov. 3'51, p34).

This week President Truman set up a committee to see that contractors live up to the antidiscrimination provisions required in federal contracts.

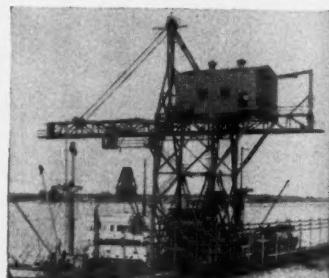
The new group faces the same type of problems as the World War II Fair Employment Practices Committee—but it has less authority.

It is limited to government-contract workers, and it has no direct enforcement powers. It can investigate charges, take them up with "interested" parties, and hold hearings. After that, it can only report to the government agency that let the contract.

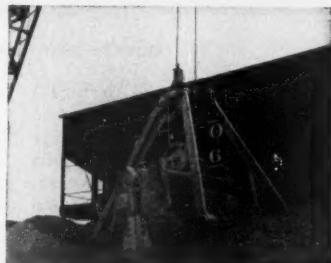
MATERIALS HANDLING BRIEFS



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Reduced Dock Time is money in the bank. This 8-ton Wellman Traveling Tower quickly transfers ore from boats to hopper, where it is fed by conveyor to stockpile.



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WSB Problem: 13¢

When rubber companies and union worked out a 13¢ wage rise, WSB had to sweat to make it fit the formula.

To seasoned observers, it was no surprise last week when the Wage Stabilization Board approved the 13¢ hourly wage increase negotiated more than three months ago by the Big Four rubber companies and the CIO Rubber Workers' Union.

Approval of the higher wage contract for 100,000 rubber workers was a foregone conclusion. WSB did not want to risk a strike by approving less than the 13¢. And even if it did, it might have had to back down later anyway—losing face in the process.

• Sharp Pencil Work—On the surface, the increase went beyond approvable limits by about five cents (BW—Oct. 27 '51, p34). WSB problem—and the thing that interested most management and labor leaders—was (1) how approval could be justified and (2) how it could be done without setting precedents that would open the door for others to drive through.

What made the 13¢ increase so knotty a question was this: WSB's policy limits general wage increases to 10% above January, 1950, plus the percentage increase in living costs since January, 1951. This formula—at least on the face of it—did not allow anything near a 13¢ rise.

But by some sharp pencil work, WSB solved its twofold problem without an open breach in the wage formulas. In achieving this, the board had to reject two devices suggested by the companies and the union:

• Suggestions—The rubber companies—U. S. Rubber, Firestone, Goodrich, and Goodyear—sought to justify the 13¢ increase largely on two grounds:

1. That it covers the rise in living costs since the last increase—12¢ in October, 1950. (WSB will consider an earlier base date when the January base is unfair.)

2. That rubber wage increases since the war have been in line with those in the automobile industry, and the automobile companies this year have given increases totaling 13¢.

If WSB had relied on either of these two loopholes, it would have tipped its hand in the coming steel case—and others.

• WSB's Method—Using Goodyear as an example, what WSB finally did was this:

Goodyear's average straight-time hourly earnings in January, 1950, stood at \$1.616. The 10% formula would

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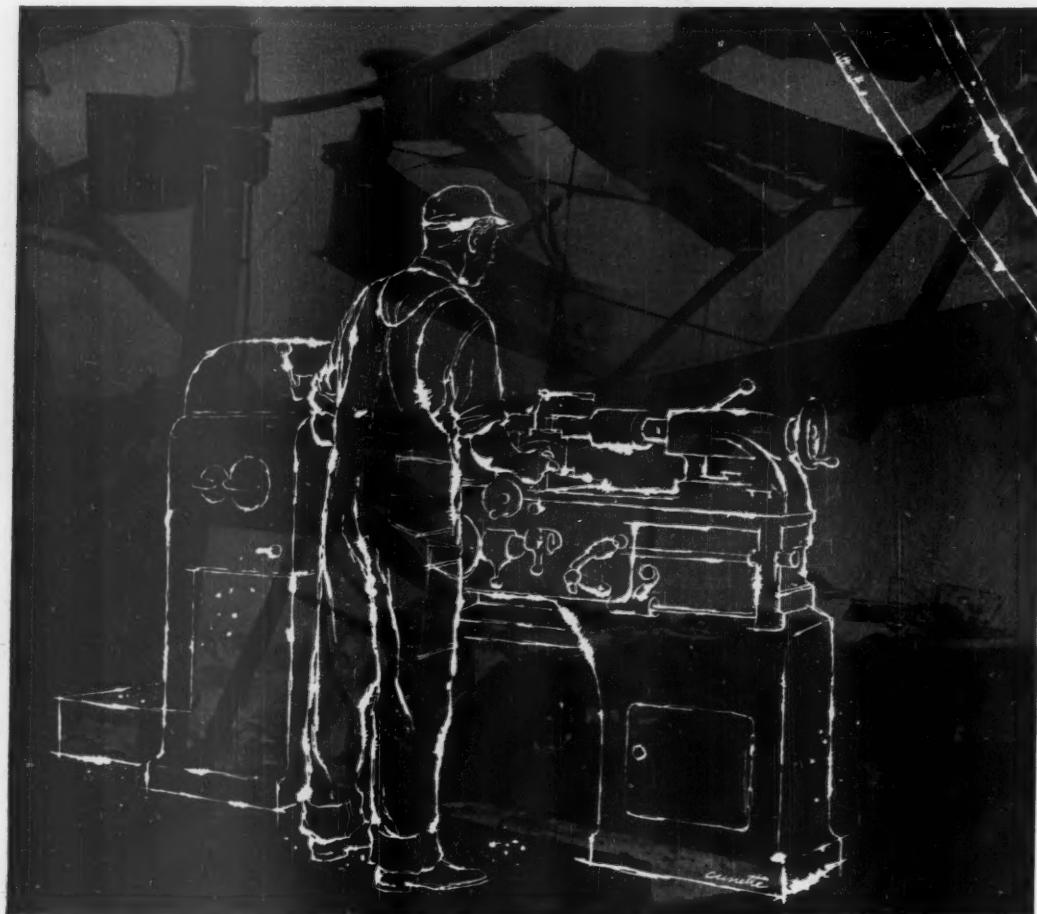
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thus permit an increase of 16.16¢. But Goodyear and the other companies gave a 12¢ increase in October, 1950—which would seem to leave only 4.16¢ more.

But wait. Only 8¢ of the total 12¢ went into a general wage increase for all workers. Of the other 4¢, 1½¢ went to correct wage inequities between the level of wages in different Goodyear plants: 2½¢ was used to correct wage inequities within the various plants. Under WSB's 10% rule, an increase is not a general wage increase if it does not raise the level of wages at least 1%. So WSB lopped 1½¢ (less than 1%) off the 2½¢ that went for intraplant inequities. That cut the total increase to 10½¢, leaving 5.6¢—instead of 4.16¢—as still coming to the workers under the 10% formula. Rounded out, the 5.6¢ becomes 6¢.

So WSB could approve at least 6¢ of the increase for all four rubber companies, retroactive to the dates of the contracts in July and August.

• C of L—Then, taking the rule on cost of living since January, 1951, WSB took advantage of the latest Consumers' Price Index of the Bureau of Labor Statistics to approve another 6¢. From January to October, the BLS revised index rose from 181.5 to 187.4, or 3.3%. Goodyear workers' hourly earnings were \$1.781 when the increase was negotiated. Add the 5.66¢ coming under the 10% rule, and you get a theoretical wage of \$1.8376 on which to compute the 3.3% living-cost rise. That figures to a little over 6¢.

• The Last Hurdle—Thus, 12¢ of the increase was approved, leaving 1¢ more to go. This is how that was approved:

U. S. Rubber and the union had agreed to use the 1¢ to increase the night shift bonus from 3¢ to 6¢. At Goodrich, the union had accepted a penny increase in wages, in lieu of the company's offer to boost the night shift bonus as U. S. Rubber had done. At Goodyear, the penny was to be used to correct local inequities where the local union wanted it done. Firestone gave a flat 13¢ increase to everybody.

Under WSB rules, fringe benefits must conform to industry or area practice. Obviously, the higher night bonus proposed for U. S. Rubber's 19 plants was not an industry practice. But it conformed to area practice in cities in which 14 U. S. Rubber plants were located. So WSB approved the higher bonus for all U. S. Rubber plants, then approved the 1¢ increase in lieu of higher bonus for the other companies. (Industry members dissented to this.)

That took care of the full 13¢.

It was a tough struggle, but WSB seems to have come through only slightly scathed. As one board member put it:

"It was a good solution of a predetermined conclusion."



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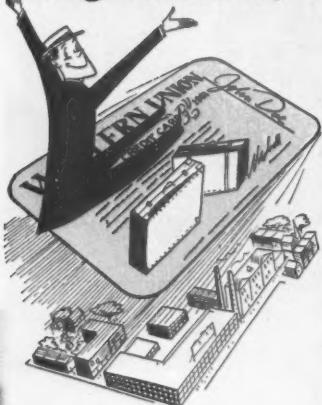
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THE LABOR ANGLE

Union Goals: II

IT WAS NOTED last week (BW-Dec.1'51,p34) that unions in America are after "more, always more," rather than specific goals. In this sense they are to be distinguished from the labor movements of other countries, which strive for Socialist, Communist, or syndicalist ends.

The nature of the American political-social fabric is a matter of secondary concern to the unions; their primary interest has been to raise wages, improve working conditions, and bulwark the union institution and the collective bargaining process. If anything, the main stream of organized labor in this country is "pro-capitalism," for the hard-headed, cogent reason that capitalism has provided more, always more (page 184).

IT IS THIS demonstrable benefit of capitalism—along with the American worker's innate distrust of any ideological panacea and rejection of a class war theory of society—that has made the labor movement here impervious to the siren songs of ideologues. It has accorded little honor to the prophets of revolution and has withheld high office from those in its ranks who offered some blueprint of basic social change.

BUT NOW Philip Murray, and the CIO over which he presides, are advocating a program that seeks frankly to reorganize the nation's economic system and give the unions here a goal more in the European labor mold than anything a respectable group of American labor has ever been committed to before.

What Murray is after is "Mitbestimmung"—a German word for what Western German unions have sought since the war. Mitbestimmung is translated as "co-determination." It identifies an industrial system in which the policy-making, directional boards of authority are manned by an equal number of labor and share-holder representatives.

THE STRUGGLE in Germany over Mitbestimmung should have considerable interest to Ameri-

can employers—and not solely as information on what is happening in Europe (BW-Jan.20'51,p122). The December issue of the U.S. Dept. of Labor's Monthly Labor Review has an extended article on the subject, and its significance for this country requires no emphasis.

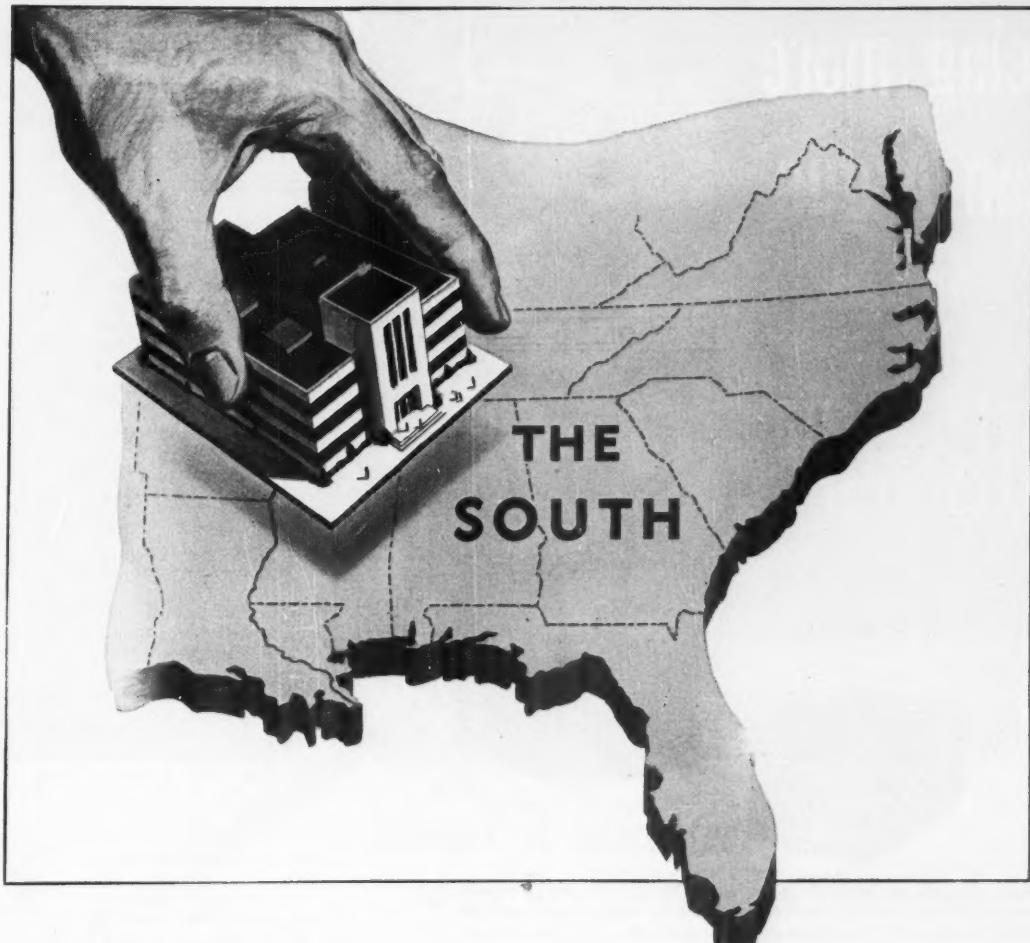
In advocating co-determination as CIO policy, Murray candidly stated, "I would liken this plan to the plan that was promulgated in Germany." He said also, "This plan does not propose socialization of American industry. . . . I believe the time has come when there ought to be a reorientation of our thinking within the CIO, that we ought to be thinking in terms of tomorrow."

Murray is right when he says that the adoption of the co-determination goal marks a reorientation in American labor's thinking. It opens a new road for the unions, all of which is unexplored.

WHAT DO Murray and the CIO, which unanimously adopted the resolution favoring co-determination, see as the end of the road? The language of the resolution describes their vision:

"Industrial policies which should be brought under democratic (co-determinative) direction . . . include among others . . . stable price ceilings to protect purchasing power and guard against inflation, and decisions on production levels, on the rate and nature of capital investment, on the rate and nature of technological change, on the size and location of industrial plants, and on the development and conservation of natural resources."

THAT IS NOT, of course, socialism; it does not contemplate the expropriation of capital and the nationalization of business. But it certainly isn't capitalism, the essence of which is that the owner runs the enterprise. It is, if label is required, a latter-day form of syndicalism. Its intellectual matrix is a mishmash of Marx, Sorel, Papal Encyclicals, IWW slogans, Mussolini labor syndicates, and Weimar Republic politics. How such a cross-pollinated seed will grow in the American climate remains to be seen.



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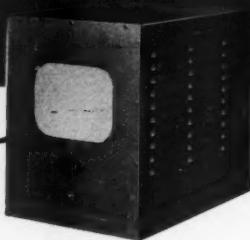
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Dixie Speedup

CIO to press organizing in South after 1951 successes. But resistance in textiles remains bitter.

CIO plans to step up its southern membership drive in 1952—after what it claims has been "the most successful year" of its Operation Dixie.

CIO says the 1951 increase carried its southern members above the 1-million mark for the first time. Since the drive started, early in 1946, the total gain has been 400,000 members, according to union figures.

After several lean, expensive years, the membership drive started to pick up early in 1951. Industrial decentralization—the spread of organized industries into the southern states—helped get it rolling. Opposition to unionization continued strong, and sometimes violent, in many fields, but CIO netted some real gains.

So far this year, it claims 225 Dixie election victories, covering some 100,000 workers. Most were in wood, furniture, and chemical industries. Only a few were in the toughest organizing field: textiles.

• Some Losses—CIO's Textile Workers Union of America chalked up a few National Labor Relations Board victories in the South, mostly in smaller mills. But membership losses—due in part to TWUA's strike against 25 cotton mills—offset the gains. So TWUA barely held its own.

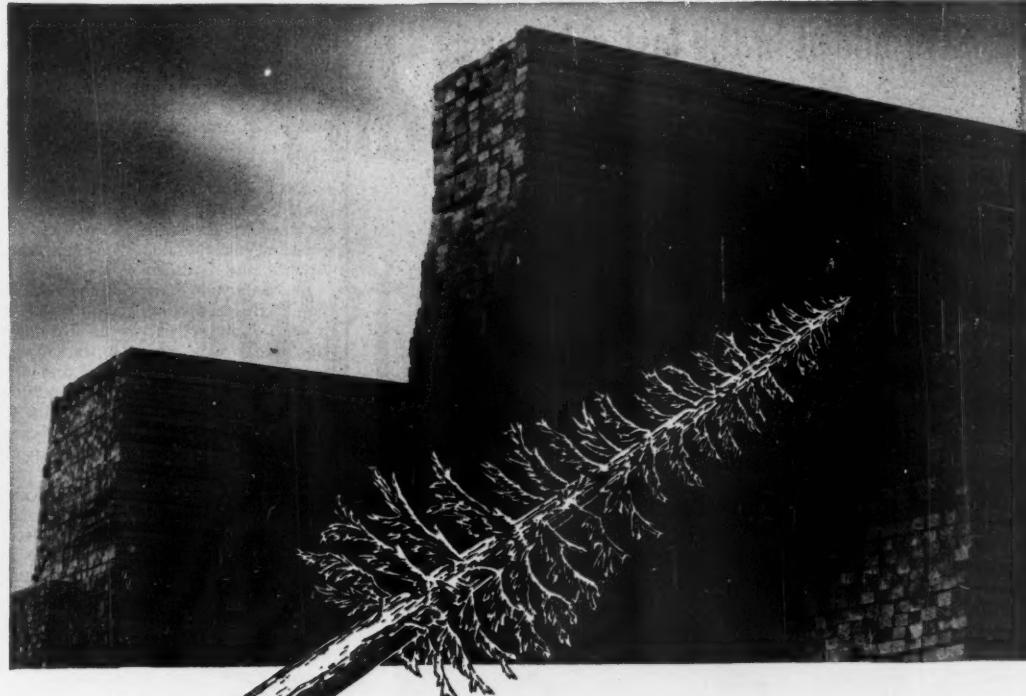
The textile union blames its lack of real progress on management's use of "all the employer weapons in the Taft-Hartley law." Added to that, it says, is the difficulty of doing business under "the state antilabor laws [the Taft-Hartley act] has spawned." The union adds that the laws enable employers to "refuse to bargain...even after their workers have demonstrated their clear wish for unionization, and after unions have won repeated representation elections."

Others in CIO'S organizing drive say that employer resistance has undoubtedly been concentrated in the textile industry—but that TWUA's internal troubles have helped slow down organizing.

The textile workers' two top executives, president Emil Rieve and executive vice-president George Baldanzi, are feuding (BW-Jun.23'51,p40). Both have attempted to keep their bitter personal differences out of union business, but it can't be done.

The feud will reach a showdown at TWUA's biennial convention in Cleveland next April. CIO leaders are

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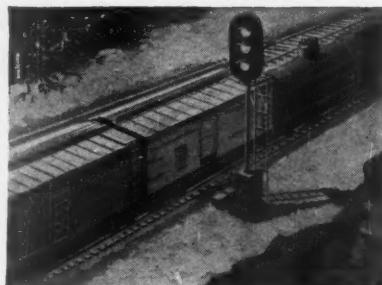
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counting on a stronger organization push after that.

• **Brisker Pace**—Other union campaigns in the South are moving along at a brisker pace. The Amalgamated Clothing Workers of America recently reported "substantial" gains this year. The United Furniture Workers of America and the International Woodworkers of America also reported extensive gains through small but important NLRB victories.

Steel, auto, and rubber unions reported "cleanup" successes in southern areas where they already are well entrenched—mostly around Birmingham, Atlanta, and Gadsden, Ala.

In contrast to its early days, Operation Dixie has nothing glamorous about it now. It's quietly trying to live down the fanfare with which it started and to establish itself on a sound and permanent basis. It now has 101 election petitions, covering 42,000 workers, pending before NLRB. Organizing work in 104 plants and mills, employing an estimated 100,000 persons, is "progressing toward elections," John Riffe, who heads the drive, told CIO recently.

• **Florida Plans**—One of the places where CIO will step up organizing in 1952 is Florida, which was dropped from the drive—along with Mississippi, Arkansas, and Louisiana—18 months ago. Leaders had decided that the four states weren't sufficiently industrialized to warrant organization.

Florida is now being returned to the 1951 list—Virginia, North and South Carolina, Tennessee, Georgia, Alabama, and Texas. The reasons: its important citrus and canning industries, and the growth of garment, steel, and chemical industries in the state.

Union Silences Aide At Profit-Sharing Talk

Labor opposition to profit-sharing and incentive plans is dying hard—if it's dying at all.

The Council of Profit-Sharing Industries—a nonprofit organization for companies with profit-sharing plans—held its annual convention in Detroit recently. As usual, it invited a union official from a profit-sharing company to speak. Albert Prygo, vice-president of the Cleveland local of the Mechanics Educational Society of America, accepted.

• **Muzzle**—Prygo went to Detroit with expenses paid by the Swartwout Co., of Cleveland, an enthusiastic profit-sharing firm. He was to tell of the experiences of Swartwout's 300 employees who shared \$204,000 in profits since 1947. But he didn't get to speak.

Matt Smith, MESA's secretary and guiding spirit, called Prygo on the car-

Season's Greetings

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pet in Detroit, told him that profit-sharing is an incentive plan and a form of work speedup frowned on by MESA. Prygo shouldn't speak before the council. So Prygo withdrew.

MESA repaid Swartwout for its ex-

penditures in connection with Prygo's trip and permitted Prygo to sit in on the council meetings (silently) for two days on a union expense account.

Although irked by the MESA action, the council reveled in the publicity.

What's Happening to the Cost of Living

	Total Cost of Living		Food		Clothing		Rent	
	Old	New *	Old	New *	Old	New *	Old	New *
October, 1941 . . .	109.3		111.6		112.6		107.5	
October, 1942 . . .	119.0		129.6		125.9		108.0	
October, 1943 . . .	124.4		138.2		133.3		108.0	
October, 1944 . . .	126.5		136.4		141.9		108.2	
October, 1945 . . .	128.9		139.3		148.5		108.3	
October, 1946 . . .	148.6		180.0		168.1		108.8	
October, 1947 . . .	163.8		201.6		189.0		114.9	
October, 1948 . . .	173.6		211.5		201.6		118.7	
October, 1949 . . .	168.5		200.6		186.8		121.5	
January, 1950 . . .	166.9	168.2	196.0	196.0	185.0	185.0	122.6	129.4
October, 1950 . . .	174.8	175.6	209.0	210.6	193.4	193.0	125.0	132.0
November . . .	175.6	176.4	209.5	210.8	195.0	194.3	125.4	132.5
December . . .	178.4	178.8	215.4	216.3	196.4	195.5	125.8	132.9
January, 1951 . . .	181.6	181.5	221.6	221.9	199.7	198.5	126.0	133.2
February . . .	184.2	183.8	226.0	226.0	203.2	202.0	126.8	134.0
March . . .	184.5	184.5	225.4	226.2	204.6	203.1	127.3	134.7
April . . .	184.5	184.6	224.6	225.7	205.2	203.6	127.7	135.1
May . . .	185.4	185.4	226.7	227.4	205.7	204.0	128.0	135.4
June . . .	185.5	185.2	227.0	227.0	205.5	204.0	128.3	135.7
July . . .	185.8	185.5	227.5	227.7	204.9	203.3	128.8	136.2
August . . .	185.6	185.5	226.4	227.0	205.2	203.6	129.3	136.8
September . . .	186.5	186.6	226.3	227.3	210.7	209.0	130.0	137.5
October, 1951 . . .	187.8	187.4	229.2	229.2	211.0	208.9	130.8	138.2

*BLS has revised its formula for computing the cost-of-living index (BW-Mar. 10, '51, p112). Since the old index is still widely used in labor-management bargaining, BLS will continue issuing both sets of figures at least through 1951.

Data: U. S. Bureau of Labor Statistics.

One High Cost of Living—Two Yardsticks

The Bureau of Labor Statistics will continue its "old" and "new" cost-of-living index figures (above) at least through 1952. It has decided not to drop the older figure because most "escalator" wage contracts are tied to it. The necessity of working out changes to a new basis might upset now-stabilized relations between employers and unions.

• **Dual System**—BLS started issuing two sets of c-of-l figures last January, to adjust its index to new consumer spending habits (BW-Mar. 10 '51, p112). At the time, it warned that the old index would be continued only until Jan. 1, 1952. But unions with more than 2-million members under c-of-l pacts balked at switching to the new, initially unpredictable index. They stuck to the old one and are still going

by the living-cost changes it reflects.

Through most of the year, "old" and "new" index figures have stuck pretty close to each other. As of Oct. 15, the "old" index stood at 187.8, and the "new" index at 187.4; the former had risen 2 points over a three-month period, the latter 1.9 points.

• **New Boost**—The three-month rise was enough to give more than 1-million workers, mostly in auto and electrical manufacturing industries, a 1¢ hike in hourly pay. At the same time, it added another cent to union demands in current steel bargaining (page 19). The United Steelworkers of America (CIO) took the latest index rise into account as it set out to catch up with the c-of-l—and unions with "escalator" contracts—and get ahead of them by 1952.

LABOR BRIEFS

A 2% increase in living costs is foreseen for next year by AFL. It says the Herlong and Capehart amendments to the Defense Production Act will have a delayed effect on prices. AFL warns that labor must anticipate the rise in wage bargaining.

Geo. A. Hormel & Co. employees split \$1,017,699 last week—their share of the company's joint-earnings fund, divided annually between employees and stockholders. Checks for workers averaged better than twice their pay for a 40-hour week.

Firm action by CIO's Glass Workers quickly ended a wildcat strike at the Creighton (Pa.) plant of Pittsburgh Plate Glass. The union condemned the walkout, issued a blunt warning that strikers wouldn't be protected against discharge, and pledged its help to management in a new drive for "all-out productivity" in the plant.

A wage drive opened by CIO's textile workers in the South seeks 8¢ hourly pay boosts (about 64%) and provisions for further raises if the cost of living goes up. A. D. Julliard & Co. signed for the new terms in its Georgia mills. Larger employers balked.

Cheese workers employed by Clearfield Cheese Co., Curwensville, Pa., will vote soon on unionization. They'll cast their ballots for or against CIO's Stone & Allied Products Workers.

Political cooperation between state branches of AFL and CIO will continue despite the breakup of the United Labor Policy Committee. AFL's political action director, James McDevitt, told Massachusetts AFL leaders last week to work with CIO, but to keep their separate identity as Labor's League for Political Education (AFL).

A day's pay (about \$45,000) is sought in a suit filed for 4,000 salaried employees against Westinghouse. They say they are due pay for last April 3, when Westinghouse docked them for refusing to pass through an IUE (CIO) picket line. The workers are members of an independent white-collar union.

Stalin's slave camps (BW-Mar. 31 '51, p112) are dealt with extensively in a new 104-page report by the International Confederation of Free Trade Unions. It may be obtained for 75¢ from ICFTU at 20 W. 40th Street, New York City.



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From the Salt of the Earth

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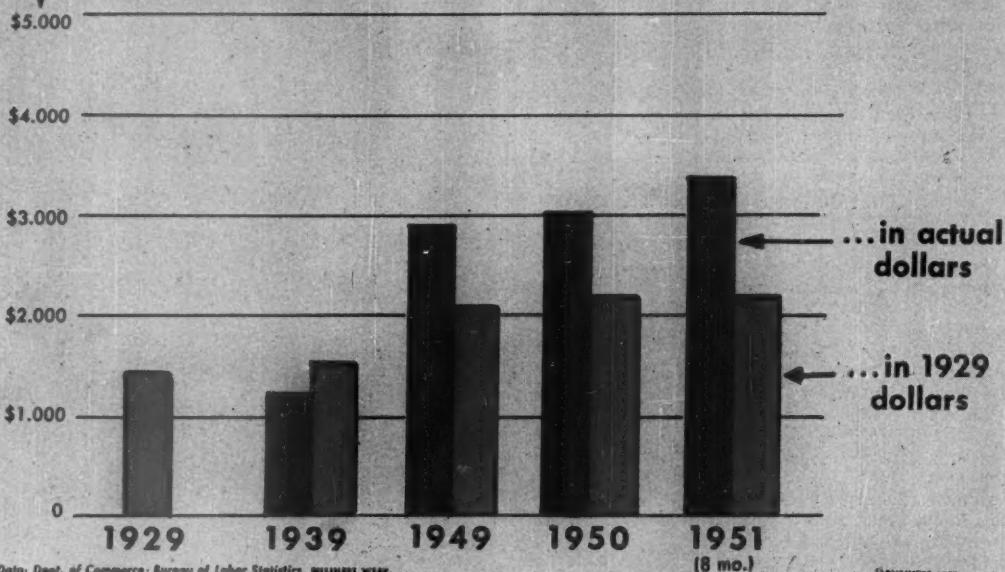
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Average Annual Earnings for Full-Time Employees, All Industries

The average industrial worker's annual pay...



BUSINESS WEEK

Real Wages: Their Rise Has Slowed

The Wage Stabilization Board is basing its policies on the premise that real wages are to be maintained. This means merely that wages are to go up hand-in-hand with the cost of living, because real wages are measured by what the wage dollar will buy. The emphasis on real wages raises the question: Where do average annual earnings really stand today in relation to real wages?

Figures available from the Dept. of Commerce and the Bureau of Labor

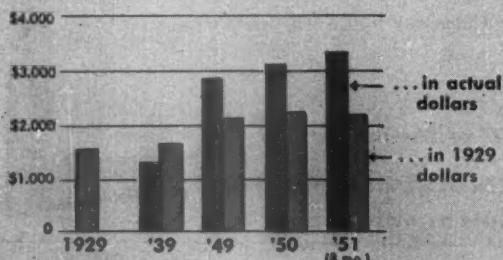
Statistics give a graphic idea. They show what has happened to wages as shown on paychecks since 1929 and to what the wages will buy—in terms of the 1929 dollar. They indicate that while average annual earnings in money are going up buying power has changed much less dramatically.

In 1929 the average industrial worker's yearly pay was \$1,421, and he could get \$1,421 in goods for his paycheck. In 1949 his annual earnings totaled

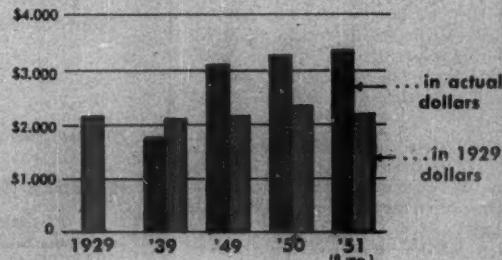
\$2,866, and he could buy \$2,077 in goods priced on a 1929 basis. Since then, annual earnings have risen to \$3,024 in 1950 and \$3,111 in 1951—estimated on the basis of wages in September. But buying power has stuck close to the 1949 level, rising only to \$2,163 in 1950 and \$2,175 in 1951—with the stabilization program at work.

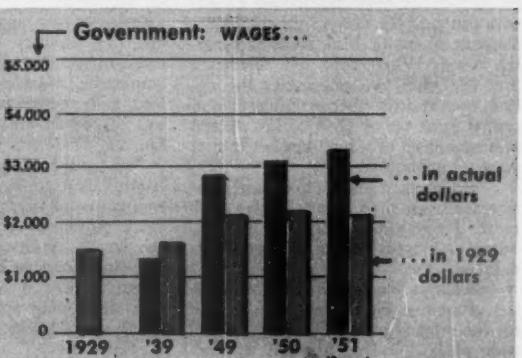
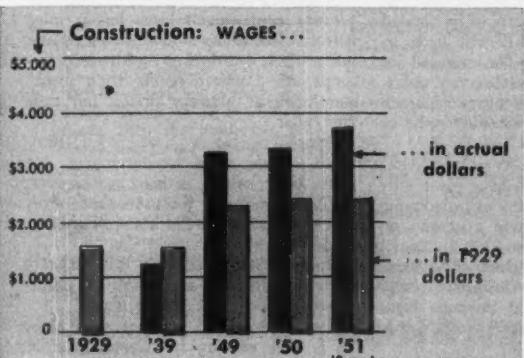
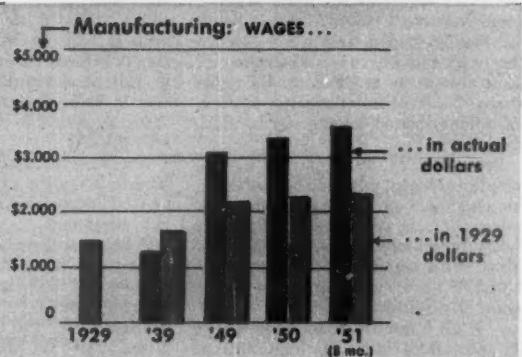
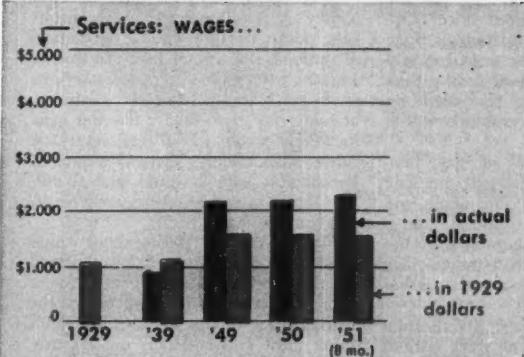
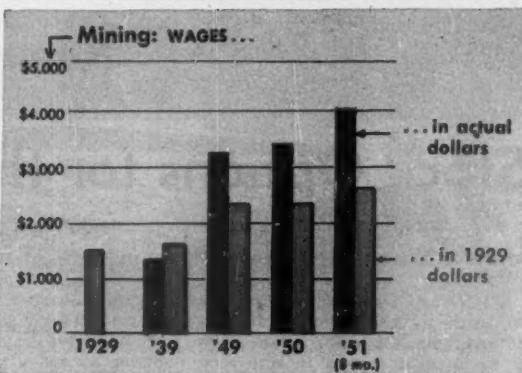
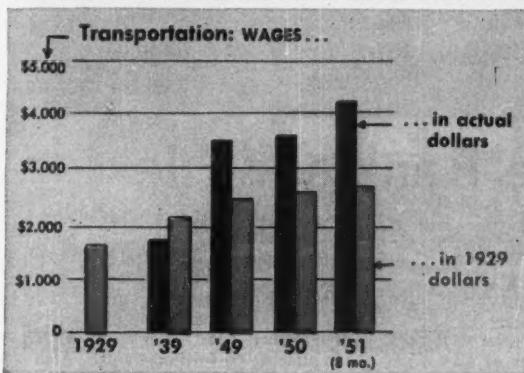
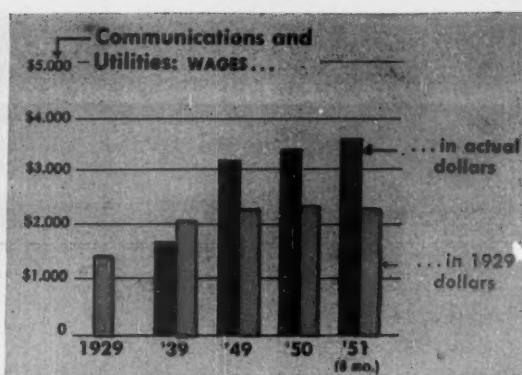
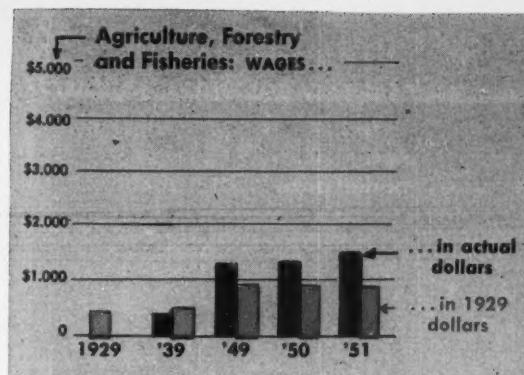
Miners, transportation workers, construction workers, and factory workers have fared best in terms of real wages.

Wholesale and Retail Trade: WAGES...



Finance, Real Estate and Insurance: WAGES...





MANAGEMENT

These companies are making this many shares available to their employees, numbering at this percent of market price which lists currently at about:
Continental Can Co.	387,650	27,671	90%-95%	43%
Eastern Airlines, Inc.	100,000	7,778	85%	25%
Food Machinery & Chemical Corp.	100,000	8,484	85%	48%
General Telephone Corp.	150,000	17,968	\$3 under market	29%
Inland Steel Co.	250,000	25,483	85%	50%
Pfizer & Co.	250,000	3,300	85%	36%
Thiokol Corp.	25,000	315	90%	11%

Stock Options for the Rank-and-File

Most companies restrict plans to executives. But a few are broadening their offers—in spite of obstacles.

Ever since Congress changed the tax law in 1950, companies have been pushing restricted stock option plans as an incentive scheme to keep their executives happy (BW-Apr.7'51,p45). Some companies, though only a handful, have extended the option plan to the rank-and-file; a cross-section of those companies is listed on the table above. Some other companies are taking a long look at joining the handful, though.

From Jan. 25, 1951, to last month, adoption of new option plans—whether for executives or for rank-and-file—was interrupted by a freeze. Then the Salary Stabilization Board O.K.'d new plans, with certain restrictions (BW-Nov.17'51,p20), and the idea is rolling again. Its charm is twofold:

- It's a way for a company to give its executives—men in high income brackets—a real boost in income. Executives can buy the company's stock at a discount of up to 15% from the market price. When they sell the stock (not less than two years after the option was issued), they're subject to a capital gains tax of 26% or less on the profits, instead of a high-bracket bite of personal income tax.

- It spreads the proprietorship of a company among the people who work for it. This tends to reduce turnover, to orient employees toward management's point of view.

- Awaiting a Nod—The SSB's unfreezing of new stock option plans is fine for the executive type of offer. Payroll-wide plans, however, are still stymied.

Government agencies apparently have not cleared them yet.

SSB opened the door for new plans offering an option price at least 95% of market value—not, as the tax law allows, 85% of the listed price. Options at 85% to 94% of market price may be offered only after prior approval by SSB. And any discount greater than 5% is charged against the salary increase allowable to the employee under SSB rules.

Similar restrictions are in effect temporarily on plans for outright purchase of stock by employees. This angle, and any objections to the option ruling, will be investigated this month by the same panel of experts that studied stock options for SSB last summer (BW-Aug.11'51,p27).

Meanwhile, the Wage Stabilization Board hasn't yet ruled on stock options for wage earners under its jurisdiction. This leaves two big points to be cleared up: (1) whether WSB will have to make a separate ruling for rank-and-file employees, and (2) whether pay stabilizers will approve new offers of stock this year under plans in effect prior to Jan. 25, 1951.

- Not for the Masses—Waiting for pay controllers to act is only one reason why companies are going slow in broadening stock options to include everyone on the payroll. As Standard Oil Co. (N.J.) told the American Institute of Management: "There is no competitive pattern developing among business firms of using this particular device at non-executive levels."

Many management men argue that stock options aren't designed for rank-and-file employees, anyway. Their view: Options are a special means to give incentive pay to top executives who can't take home much money out of an ordinary salary boost—after taxes.

Arguments go further, though. Arch Patton, compensation expert of McKinsey & Co., management consultants, points out that the big advantage of options—the capital gains treatment—makes little difference to workers in lower tax brackets. And the allotment of shares for more than a few top men inevitably waters down the equity of other stockholders. (Jersey Standard, for example, says it would take 10-million shares to make options available to all its employees.)

Finally, many management men think the device should be confined to those who contribute directly to company profits and thus boost the market value of the stock. They don't think most rank-and-filers can do this.

- A Black Eye—The idea of turning employees into stockholders has a long history. But many stock purchase plans got a black eye during the depression—employees resented seeing their stock, purchased at blue-sky prices, fall into the cellar.

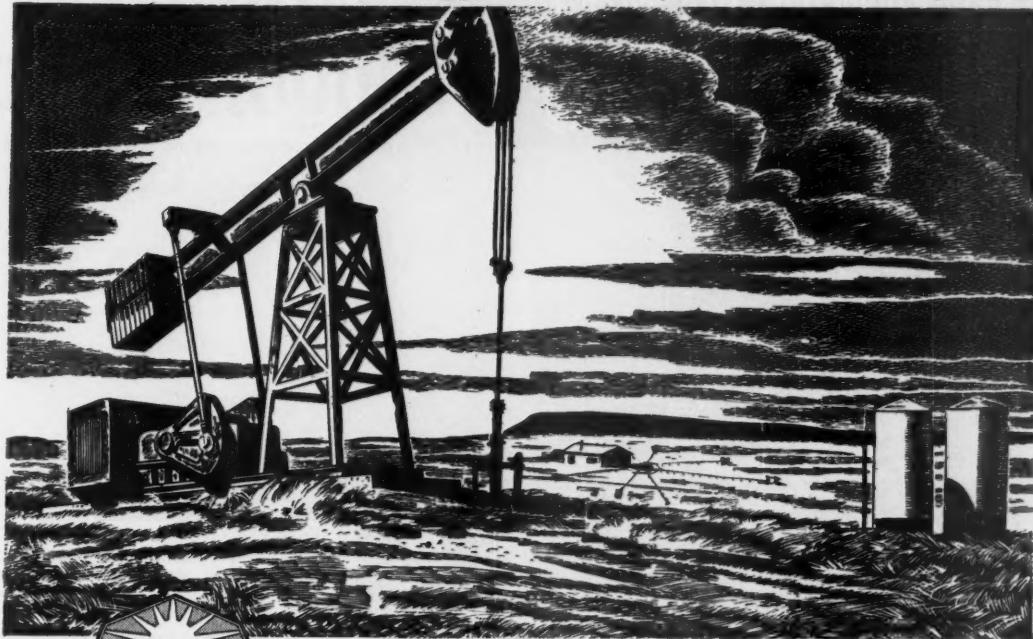
Most companies have shied away from selling stock to employees, for that and other reasons. However, AT&T has made three blanket offers to employees since 1945, at prices 20% under the market.

- Inland Steel—Some of the dangers of selling stock to employees are eliminated in new stock option plans.

Inland Steel Co. has one such plan. It is still waiting for clearance from

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A Squeeze on Nature

An oil reservoir is simply an underground porous, sponge-like rock such as sand or limestone in which the pores are filled with oil. SUNRAY engineers try to flush every possible drop of oil from Mother Earth, both for production efficiency and in the interest of conservation. Surface injection of water and gas helps to do this in many fields by pushing the trapped oil ahead into the well bore. In one field operated by SUNRAY, current production is about 3200 bbls. per day, whereas it would only be about 1800 bbls. without pressure maintenance. Every effort is made to extend the productive life of each field.

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South Carolina



"... an employee can become a stockholder without risking his cash . . ."

STOCK OPTIONS starts on p. 46

Washington, but here's how it would work:

Options will be offered to all employees, including hourly workers, who have been with the company two years or more. They can be used to buy stock at 85% of the closing market price on the date the plan goes into effect. Employees have 30 days to accept or reject the option. If they accept—and this is the real gimmick—they have three years to pay for the stock they've tentatively agreed to buy. Deductions are made from their paychecks over the three-year period.

At any time during the three years, the employee can elect to get his accumulated money back, with 2% interest, or to take whatever amount of stock his savings up to that time will buy. Or he can let it run for the full three years.

No employee can buy more stock than 25% of his total 1950 earnings from the company, including bonus and overtime.

Under this system, an employee can in effect become a stockholder without risking his cash in case the market tumbles. And if the market rises, he can gather in his stock.

• **Canco**—Continental Can Co. has a similar plan, but breaks it into two parts, one for about 80 key executives and the other for the rank-and-file. It's called an employee stock purchase plan, but in essence it's a restricted stock option.

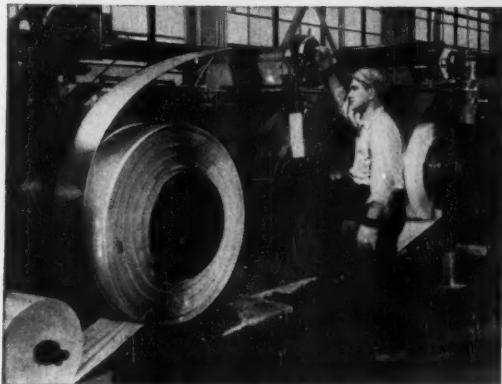
The general workers' plan runs till 1957, with a kitty of 150,000 shares. The first offering (held up so far by waiting for Washington) amounts to 50,000 shares. An employee has 90 days after the offer to make up his mind, can then pay for his shares by payroll deductions of not less than \$5 a month. The option price is 90% of the market on the date the option is issued; each employee is limited to one share for every \$500 of salary.

Executives are offered 237,650 shares at 95% of market value (this part of the plan falls within SSB bounds). They're limited to 15,000 shares each, and they can also pay through payroll deductions.

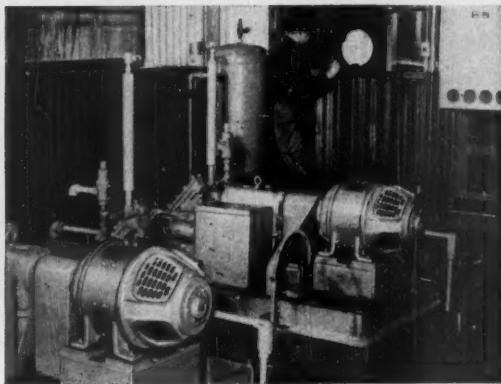
In either section of the plan, money being accumulated for stock purchase draws 5% interest, unless the employee takes his accumulation out without buying stock. In that case the interest rate is 2½%.

• **Dow Chemical**—Most of the plans listed on page 46 are like Canco's and

4 WAYS TO HELP KEEP YOUR PRODUCTION ON SCHEDULE

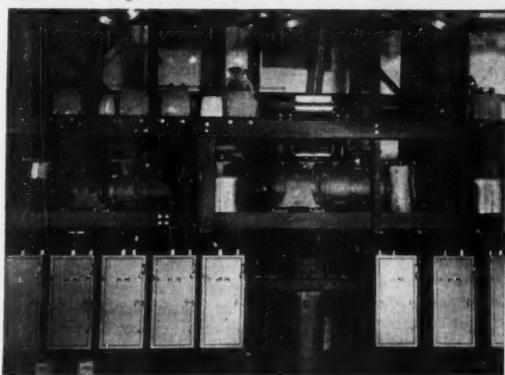


ELIMINATE MANUAL OPERATIONS. If you're winding a continuous strip and constant tension is a problem, this might be an idea you can use. The Wallingford Steel Company recently installed seven G-E Speed Variators on the winders in their strip steel annealing and pickling line. Before, a lot of time was lost in manually adjusting winder speed and tension to compensate for spool buildup. Now? It's done automatically by the Speed Variator. And they get a better-wound spool. Ask for Bulletin GEA-5335 on G-E Speed Variators.



MAKE QUALITY CONTROL AUTOMATIC. Perhaps you're finding it difficult to accurately control a chemical proportion operation. Fibreboard Products, Inc. solved this problem by putting a G-E Thy-mo-trol* Drive on a chemical pump which injects a chemical conditioner into process water as it is needed. The trick is to keep the flow of chemical accurately proportionate to the demand—no trick at all for Thy-mo-trol. Ask for Bulletin GEA-5337 on Thy-mo-trol drive.

*Reg. Trademark of General Electric Co.



GO FROM BATCH TO CONTINUOUS. To boost production, more and more companies are switching from batch to continuous operation. This accounts for the great interest in this "junior" bleaching range now being produced by the H. W. Butterworth Co. Its G-E ACA gear-motor drive helps make it flexible, efficient, and economical. Speed control is easily obtained over ranges of as high as 20:1. Ask for bulletin GEA-4883 on ACA motors.



INCREASE MACHINE SPEED to get top efficiency out of your equipment. The J. Bishop Company faced a problem of frequent breakage while drawing wire and tubing thinner than a human hair. This G-E Speed Variator, installed on a vertical bull block, reduced costly breakage to the minimum, turned a complicated process into one simple operation.

To get the bulletins mentioned above, write Section 646-16, General Electric Co., Schenectady 5, N. Y. A 26-page manual on electrical adjustable-speed drives in general is also available; ask for Bulletin GEA-5334.



Headquarters for ELECTRICAL ADJUSTABLE-SPEED DRIVES

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Development of new production methods is only one of the many ways refrigeration and air conditioning serve industry. Scores of manufacturers have found countless uses for these twin aids of industry to improve products . . . speed production . . . cut costs. And, more and more new applications of temperature control are being discovered every day.

Why not discuss this subject with your engineers? Find out how you can put refrigeration and air conditioning to profitable use in your plant. When you do, get their recommendations on equipment charged with "Freon" safe refrigerants. "Freon" refrigerants are the most widely used because they are safe, efficient and economical. They assure the satisfactory performance of all types of refrigeration and air conditioning systems. E. I. du Pont de Nemours & Co. (Inc.), "Kinetic" Chemicals Division, Wilmington 98, Delaware.



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FREON

SAFE REFRIGERANTS

"Freon" is Du Pont's registered trade-mark for its fluorinated hydrocarbon refrigerants.

"...average employee gets panicky if the market drops below the option price . . ."

STOCK OPTIONS starts on p. 46

Inland's. But Dow Chemical Co. goes even further than these (BW-Mar. 24-'51, p135). Dow isn't concerned so much with tax advantages under the 1950 law as with giving liberal inducements to all employees to become stockholders.

This year, for example, Dow offered options to buy at \$57.50 when its stock was listed on the Big Board at \$80. That's far below the 85% minimum set by the tax law to reap special treatment. So Dow employees buying the stock had to cough up income taxes on part of their paper profit when they got delivery of the stock around Nov. 1. The tax bite was so severe that the company had to spread withholdings over five paychecks—Dow stock had jumped to more than \$100 a share by the time the stock purchase was complete.

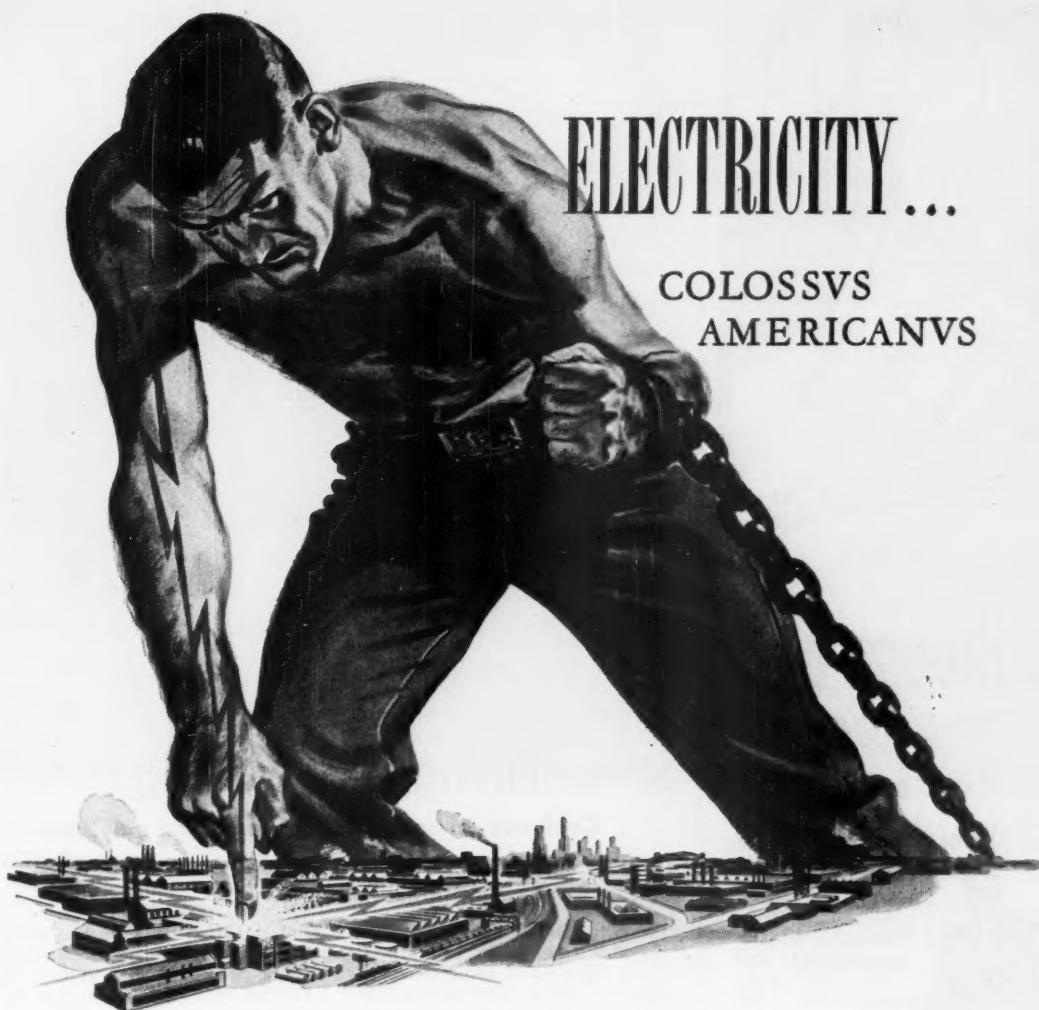
Dow had considered holding the option offer to the 85% stated in the tax law, but had decided against it. It figured employees would still be ahead of the game, despite the income tax. And the bigger bargain rate is a better cushion against a possible market drop than BIR's 85% or SSB's 95%.

Dow's plan has worked successfully from its start in 1949. This year 7,500 employees signed up.

• **Complication**—SSB's frown on options under 95% of list price raises one complication for companies like Dow. It is this: Companies with employee-wide purchase or option plans often fix the price at 85% or so of market value because they reason much as Dow does. They say SSB's 95% price may be all right for management men who understand the ups and downs of the market and can wait out dips without getting worried. But the average employee who is saving each week toward a stock purchase gets panicky if the company's stock drops below the option price. They're inclined to ditch the whole thing, to take their cash and let the credit go. This defeats the purpose of the plan—to get employees to buy stock.

As these companies see it, a 95% option price doesn't give enough spread, even in the midst of inflation, to keep employees interested. The market can fluctuate lower than 95%. But it's less likely to dip below 85% or even 90%, and thus employees are less likely to abandon their options.

SSB's hearing this month may lead to clarifications of the earlier ruling, and maybe WSB will act after that.



ELECTRICITY ...

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Shackling this giant could put us all in chains!

Despite his phenomenal strength of 72,693,000 kw, America's colossus, ELECTRICITY, suffers a delicate balance of health. If his strength falls even slightly under minimum industrial and domestic requirements—as could happen if deprived of materials needed to keep growing—a chain of serious consequences is set in motion.

Steel mills, manufacturing plants, mines, farms, and factories . . . the manifold appliances of American homes . . . consume electric power in gigantic portions. Their appetites for electricity, as they struggle to produce our increasingly important securities against fear and want, can grow with startling rapidity compared to the two or

more years needed for construction or expansion of a power-generating station. One major interruption of the flow of critical materials into our power companies' carefully planned expansion programs, and *Colossus Americanus* goes to his knees . . . or worse.

It has never happened here. Let's see that it never does!

Your power company foresees your electric power needs. Its plans are completed far in advance to meet them. But it must be permitted to finish the job it has started . . . obtain the necessary materials and tools to provide for defense and civilian demands.

Let's keep our Colossus strong, and we'll all remain free!

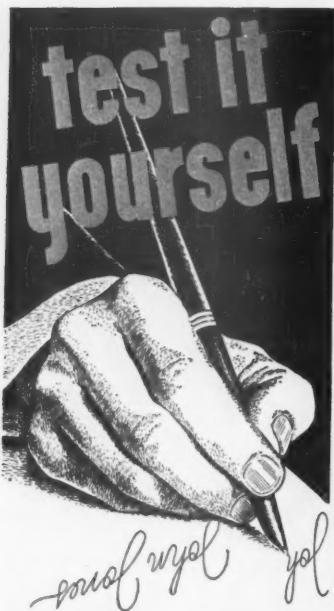
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so much for so many
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*Nekoosa-Edwards Paper Company
Port Edwards, Wisconsin*



STANDARD'S Purkey should have made a speech. Instead, he wrote a book . . .

Streamlining City Management

California oil company's job definition may become a bible for the city manager. It outlines his administrative duties, powers, and limitations.

Standard Oil of California didn't know what it was starting back in 1931 when it organized its Dept. on Organization to lick a depression problem (BW-Aug. 6 '49, p30). Since then the department, headed by Lewis L. Purkey, has not only experted on Standard's own problems; it has been called in to prescribe for the organizational problems of more than one public agency—including World War II's War Production Board and Petroleum Administration for War, the Canol Project, the Army's Ninth Service Command, and the San Francisco Community Chest.

Now the company has realized the dream of a lot of businessmen. It has applied business methods to city government and come out with a handbook that tells officials how to manage their city a la Standard Oil.

The idea was born when Purkey was invited to make a speech at the 1951 conference of the League of California Cities. This roughly is the "trade association" of city officials,

mainly mayors, councilmen, department heads, city managers, and chief administrative officers. Of the 305 cities in California, 302 are members of the league.

• **The Audience**—Purkey's speech was scheduled for the City Managers Dept. of the conference. Of the 302 cities represented, 110 have a form of government in which administrative authority is vested in a city manager or chief administrative officer. This includes all the big cities except San Francisco and Los Angeles, where the mayors retain full executive powers, and Fresno, which has a commission form of government.

• **Fresh Approach**—Instead of making a speech, Purkey decided to conduct a survey of city management, to see if he could come up with something more useful than a speech. His decision was influenced by two facts: (1) Standard pays city taxes in probably every one of the 305 cities, so it has a corporate stake in the efficiency of city government; and (2) Standard doesn't duck



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many chances to render a civic service; it's too good business.

Purkey may also have been swayed by the fact that cities buy a lot of gasoline and oil—and city fathers can make things easy or tough for a supplier.

• **Full-Scale Model**—With two members of his staff, J. Henry Richards and George L. Hall, Purkey studied management procedures and techniques in city halls at San Diego, Los Angeles, Pasadena, Palo Alto, Richmond, Hayward, and Sacramento. They studied the available textbooks and literature and finally related their findings to Standard's own Management Guide.

The end product turned out to be a small book instead of a speech—a book that Purkey calls "Defining the City Manager's Position." It amounts to a full-scale model administrative code for a city manager—something that the electorate could button into the city charter without much change.

• **What's What**—In precise language, the book defines the duties, the powers, and the limitations of a city manager; and it contains an organizational chart for the flow of municipal authority.

According to the book, a manager's responsibilities include:

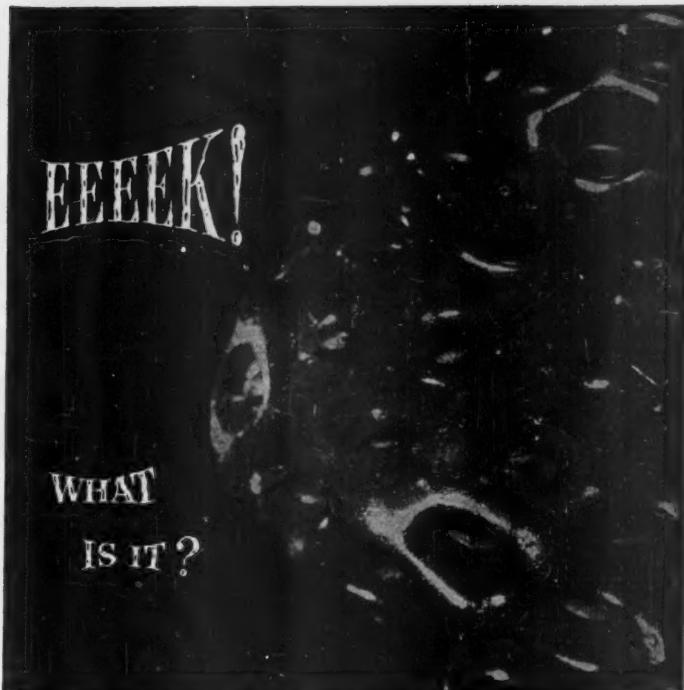
- Executing city policies and legislative enactments.
- Directing and coordinating municipal services and business affairs.
- Advising the city council.
- Establishing an organization geared to assume responsibility within clearly defined limits.
- Appointment and removal of employees within his jurisdiction.
- Maintaining equitable salaries.
- Developing a long-range financial plan.
- Directing the city's purchasing activities.

But he's limited to lower-bracket finances when it comes to:

- Capital expenditures.
- Operating and maintenance expenses.
- Sale of real estate, surplus materials, and equipment.
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• **Ammunition**—The book went over big with the city managers. Though it contained little that they didn't know, it wrapped up their functions in one neat package. Also it focuses the attention of business on the administrative functions of municipal government.

Probably its greatest value, however, is to help the managers get their jobs defined. Since they're hired by political officeholders, many managers never get a clear statement of what their jobs are supposed to be. That exposes the supposedly nonpolitical city manager to the whims of elected officials, and it's no rarity for the politicians to crowd the manager out.



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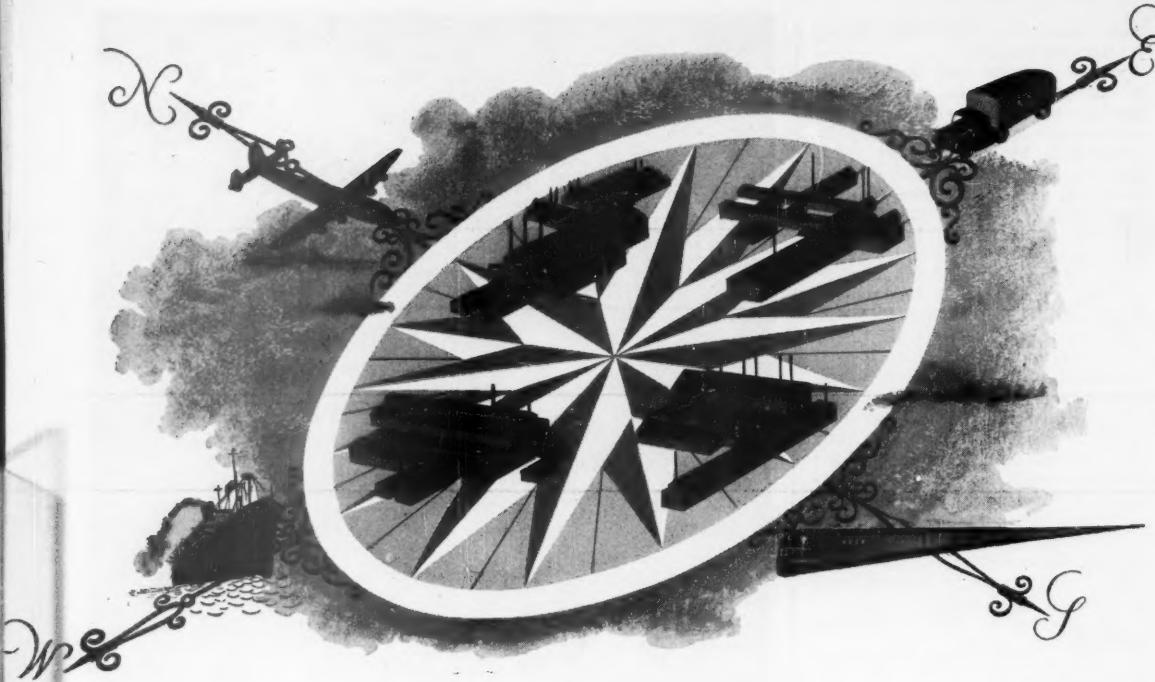
The surest, simplest way for you to sell these richer farm folks is through the farm magazine *most* of them read—**MICHIGAN FARMER**. Four out of five of *all* Michigan farm families look for it... read it... act on it, twice a month!

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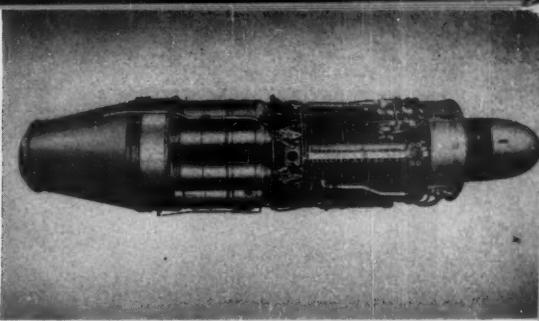
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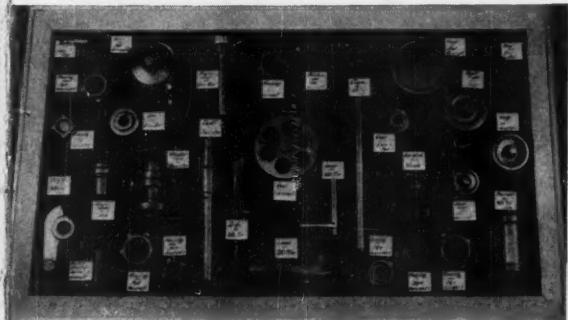
Just a glance at the picture-captions partly reveals Barium's diversity. The scope is even broader, as you'll find out, at no obligation, by describing your problem or need. Simply address Barium at 25 Broad Street, New York City.



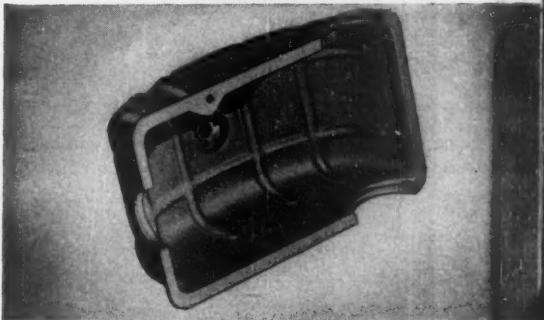
Ultrasonic waves on a Reflectoscope screen prove the effective heat treating this high speed steel bar received. Forged by Barium's Industrial Forge & Steel, Inc., Canton, Ohio, for the tool industry, it's one of scores of heavy forgings (including carbon and alloy) this company makes for scores of industrial uses.



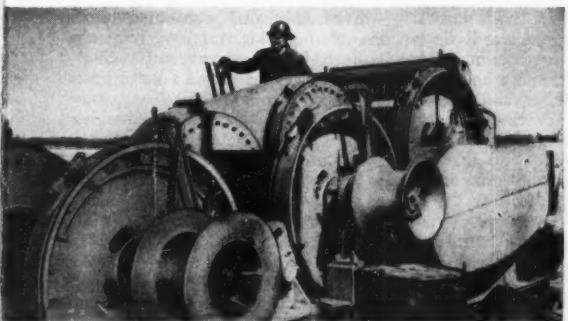
Lightning-like jets are powered by J-47 Jet Engines. A Barium subsidiary, Jacobs Aircraft Engine Co., Pottstown, Pa., supplies the manufacturer with vital components to produce these engines... gear box assemblies, auxiliary drives, etc. In addition, Jacobs makes complete reciprocating aircraft engines for the industry.



To keep production high and high-grade, industry needs high strength drop forged components. Industry gets them, in the many parts shown here, from Globe Forge, Inc., a Barium member company. Included are automotive gears, shafts, shifters; jet aircraft housings; gun levers, pistons, etc.



This diesel engine oil pan, produced for General Motors, is lighter, better-looking, lower cost because it is stamped, not cast. It is typical of medium and heavy stampings made by Barium's Geometric Stamping Co., Cleveland, O., which serves many industries as an extra manufacturing department.



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ENTERTAINMENT



TOP BANANA is one of the best musicals available, but—aside from Phil Silvers' burlesque—doesn't offer much. It's no wonder

Shubert Alley is moaning over the state of the theater when even musicals aren't up to scratch. The other new musical is . . .

Broadway's Barren—Best Bets Are Still the

Mediocre is the word for Broadway in the fall of 1951. With the season approximately half over, not a single really distinguished show has arrived, and there are few prospects. Old-timers of Shubert Alley are saying it's the worst season in 20 years.

Visiting businessmen thus have little to expect in the way of new shows. But if they insist on stage entertainment, they have the choice of second-rate offerings of this season or holdover hits like *South Pacific*, *The King and I*, *Guys and Dolls*, *Call Me Madam*, *Affairs of State*, and *The Moon Is Blue* from previous seasons.

I. The Broadway Pattern

It's tough to pin down the reasons for the sad state of Broadway. For one thing, nobody wants to put up the big

money it takes to stage a lavish musical unless it's by big names such as Rodgers & Hammerstein, Irving Berlin, Cole Porter, Frank Loesser, and a couple of others. But R&H, Berlin, and Loesser don't have anything new this year, and Cole Porter only just got something he's interested in doing. So that accounts, in part, for the prospective dearth of crack new musicals.

• **Idle Genius**—No great plays are showing up this year, either. And nobody can really say why, except that the old playwrights don't seem to be able to click. Nor has this been one of the years that a new great like Tennessee Williams or Arthur Miller has emerged with a "Streetcar" or "Salesman." As one observer put it, "Maybe the old boys have talked themselves out, and maybe the young ones don't have anything worth-while to say yet."

Even in light, pure-entertainment offerings this year have been especially bad. The success last year of a number of comedies led a lot of people to expect even more hit laugh shows. But so far the general level has been pretty dreary.

A similar situation in books seems to show that whatever is causing the lack of good plays is also contributing to the low level of new novels. One thing doesn't seem to be a factor—money. There's been only one case of a play by an established writer not being produced because of lack of funds. The producers can get the money if they have a play that they think will go over.

• **No Britain, Just Hollywood**—Last season the supply of entertainment was considerably bolstered by a string of imports from Britain. But this year



PAINT YOUR WAGON, with old-timer James Barton in a Gold Rush show.

Old Shows

there isn't even that to help things along.

The recent trend of using Hollywood names on Broadway is continuing, though. Part of the reason is that producers think they can clinch a doubtful show by using an established movie name.

On the other side, movie stars are anxious to get into Broadway hits in the hope of swinging more weight at home, where many of them have lost long-term contracts and are working on a per-picture basis.

About the only thing that will keep the season from being a complete bust is some revivals of old greats like Shaw, O'Neill, and Shakespeare. The season is still young, some people like to point out, and maybe something will turn up yet.

Meanwhile, here's what's available

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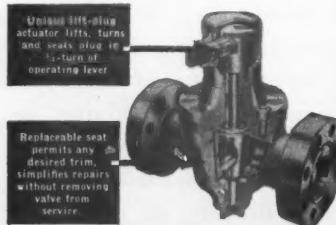
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II. The White Way Roster

Song-and-dance shows are the meat of the visiting businessman, but the pickings of this year's crop are slim. Here's what he can see that he couldn't see last year:

Paint Your Wagon: Starring James Barton, is considerably less effective than *Brigadoon* by the same authors, Alan Jay Lerner and Frederick Loewe. It's a California Gold Rush story in which Barton's soft-shoe dance and drunk act are the standout moments. Agnes de Mille's choreography partly overcomes a ponderous book. The songs are good, but not exceptional. Heavily booked with theater parties and with a big mail-order advance, but some tickets available through the brokers. At Shubert, \$7.20 top.

Top Banana: An old-fashioned musical comedy in which Phil Silvers has hilarious scenes as an egocentric television star. The Johnny Mercer songs are negligible, and the rest of the show is ordinary. Heavy theater party bookings and a sizable mail-order sale has left few tickets available for a couple of months, but the brokers have a sprinkling. At Winter Garden, \$6 top.

Two on the Aisle: Revue starring Bert Lahr and Dolores Gray. Top-quality sketches, giving moon-faced, cow-voiced Lahr his best material in years, plenty of laughs, with Miss Gray assisting on the comedy and putting over several undistinguished songs, and Elliott Reid in a satire of the Kefauver hearings. At the Mark Hellinger, \$6 top, with some seats at the box office.

III. Holdovers Look Best

Best bets in the musical field are last year's and older shows. Everybody else thinks so, too, so tickets are still pretty tight. Here's the rundown:

Call Me Madam: The musical comedy in which Ethel Merman portrays a vocalizing Perle Mesta, with songs by Irving Berlin and book by Lindsay and Crouse, hovers at the sellout level. Imperial, \$7.20 top, with a few tickets at the box office for some performances, ample at the brokers.

Guy and Dolls: The uproarious musical comedy based on Damon Runyon characters, with songs by Frank Loesser and book by Jo Swerling and Abe Burrows. Continues to pack the house, with a large advance sale. At the 46th Street, \$6.60 top, with little available at the box office, but obtainable at the brokers on reasonable notice.

The King and I: The newest Rodgers-Hammerstein triumph, with Gertrude Lawrence starring in a musical

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treatment of the Margaret Landon story, Anna and the King of Siam. This is now the "hottest" on Broadway. Tickets are virtually unobtainable at the box office, about six months ahead by mail order, but procurable (especially by regular customers) on a couple of weeks' notice at the brokers. At the St. James, \$7.20 top.

South Pacific—The still fabulous Rodgers-Hammerstein hit now with French opera baritone Roger Rico and Martha Wright in the parts originated by Ezio Pinza and Mary Martin. At the Majestic, \$6 top, still selling out, but now a few tickets are available at the box office a couple of months ahead and at the brokers on shorter notice.

IV. New Straight Plays

Including revivals, here's what you can see in the way of straight drama and comedy:

The Constant Wife: Katharine Cornell's revival of the Somerset Maugham comedy-drama starring herself, Brian Aherne, and Grace George, opened this week at the National, at \$4.80 top (\$6 Friday and Saturday nights). The show was enthusiastically received during a tryout tour. Moderate advance sale, but few theater parties, so ample tickets should be available at the box office, unless the play turns out to be a smash hit.

Don Juan in Hell: Probably the best and most unusual thing now running and one of the best shows in years. It is performed in a sort of "lecture" style by the so-called First Drama Quartette, consisting of Charles Boyer, Charles Laughton, Cedric Hardwicke, and Agnes Moorehead, all in evening dress and "reading" the lines into microphones on a bare stage, with only plain stools and music racks and a curtain backdrop. The piece is the rarely performed scene from G. B. Shaw's Man and Superman. After a one-nighter Oct. 22 at Carnegie Hall, the presentation returned Nov. 29 on a regular eight-performances-a-week basis at the Century, \$4.80 top, only until Dec. 31, virtually sold out in advance, some tickets available at brokers.

Faithfully Yours: Hollywood's Robert Cummings and Ann Sothern star in a farce adapted by L. Bush-Fekete and Mary Helen Fay (Mrs. B-F) from the French. This fluffweight spoof of psychiatric quackery has been kept alive principally by theater party bookings and is an uncertain prospect to continue beyond mid-December. At Coronet, \$4.80 top, with plenty of tickets at the box office for nontheater party performances.

The Fourposter: A two-character comedy-drama, starring Jessica Tandy and Hume Cronyn (Mr. and Mrs. Cronyn in real life), about the ups and

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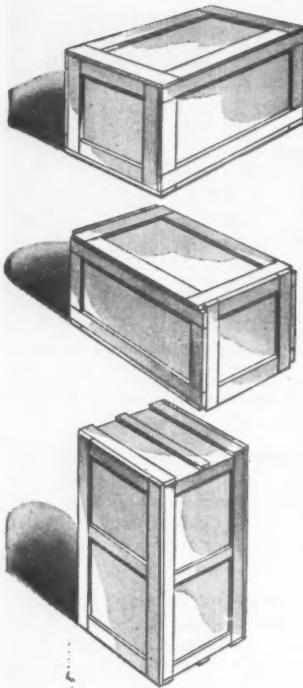
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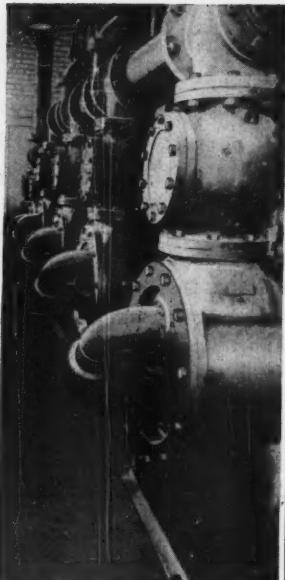
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downs of 35 years in the marriage of two high-spirited and recognizably human people. Written by Jan de Hartog, produced by the Playwrights' Co., staged by Jose Ferrer, it is satisfying if not sensational theater. At the Ethel Barrymore, \$4.80 top, with a few tickets at the box office and preferred locations at the brokers.

Gigi: A new young star, Belgian-born Audrey Hepburn gives a scintillating performance in her first straight part on the stage. The play, a featherweight but moderately diverting comedy about an adolescent girl who, after being carefully raised for a career as a courtesan, shocks her feminine relatives by getting married, was adapted by Anita Loos (Gentlemen Prefer Blondes) from a French story. At the Fulton, \$4.80 top, with theater party bookings leaving few tickets at the box office, but some at the brokers for most performances.

Glad Tidings: Thin but moderately amusing comedy about a returned foreign correspondent who meets a volatile actress with whom he had an affair 20 years before and finds out he's the father of her grown daughter. Hollywood cast of Melvyn Douglas and Signe Hasso gives vitality to the Edward Mabley play. At the Lyceum, \$4.80 top, tickets at the box office as long as the show continues.

I Am a Camera: John Van Druten's dramatization of Christopher Isherwood's stories of life in Berlin around the time of Hitler's emergence. Best thing in the show is the acting of Julie Harris who made her mark in Member of the Wedding. The play itself is a witty but serious job of first-rate writing. At the Empire, \$4.80 top, seats at the box office, better ones at the brokers.

Nina: From the French farce starring Gloria Swanson, David Niven, and London actor Alan Webb. Adapted by Samuel Taylor (adaptor of The Happy Time) from the French of Andre Rousset, directed by Gregory Ratoff. Royale, at \$4.80 top (\$6 Friday and Saturday nights), heavy theater party bookings, so few tickets at the box office.

Remains to Be Seen: A minor but passably amusing effort by Lindsay and Crouse, not to be compared with their Life with Father or State of the Union. A melodrama-farce about a brash and tasty band singer who becomes innocently involved in a murder in a New York apartment, the manager of which is a bashful amateur jazz drummer. With film star Janis Paige and former child star Jackie Cooper. At the Morosco, \$4.80 top (\$6 Friday and Saturday nights), tickets at the box office and preferred locations at the brokers.

Saint Joan: Theatre Guild's revival of Shaw's drama, starring Uta Hagen as the Maid of Orleans, staged by Margaret Webster. The play itself is unquestionably still superb theater for

some like it



some like it



there's **BONDERITE** to work
AT ANY TEMPERATURE

The operating temperature required for any given installation may be high or it may be low. Many factors are involved including type of metal being treated, plant conditions, and the like. Whatever temperature is best suited for your particular installation can be ascertained by our experts on corrosion control. We have a Bonderite product to suit your particular problem at whatever temperature is required.

Bonderite versatility is shown by the various products which we have developed to suit required temperatures — Bonderite

50, 95, 100, 120, 140, 160, 180, the numbers approximating in general the lowest temperature for optimum results in each case. As a matter of fact, good Bonderite coatings have been produced by solutions close to freezing and by solutions bubbling hot. There are Bonderite solutions operating without heating coils in the solution.

No matter what temperature your installation requires for best results, there is a Bonderite to fill the bill. We'll tell you how Bonderite, cold or hot, can deliver dependable, quality results at low cost.

Bonderite, as you know, is the most widely used, highest quality, corrosion resistant paint base phosphate coating for metals. It is also used as an aid in cold forming of metals. Write for free catalog. *Bonderite, Bonderlube, Parco, Parco Lubrite—Reg. U.S. Pat. Off.

PARKER

PARKER RUST PROOF COMPANY

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BONDERITE—corrosion resistant paint base • PARCO COMPOUND—rust resistant

BONDERITE and BONDERLUBE— aids in cold forming of metals • PARCO LUBRITE—wear resistant for friction surfaces

Looking for subcontractors for defense contracts?

New York State, through its "Industrial Preparedness Survey," has inventoried the production facilities available within the State. Use this free public service to help you find the subcontractor you need.

New York State is ready to help you locate qualified subcontractors to supply parts or assemblies.

This assistance is based on a recently completed inventory of metalworking, woodworking, paper, textile and plastic facilities.

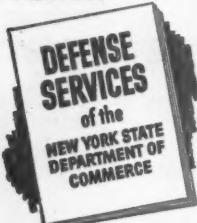
This information, compiled by the N. Y. State Department of Commerce from thousands of questionnaires sent to all known companies in these industries, has been classified, coded and recorded so that the number, kind and capacity of machines can be easily found and identified.

Thus, firms with the required facilities and capacity can be quickly suggested as subcontractors.

Any inquiry from you will be handled exactly as you specify. For example, you may wish to contact a list of firms qualified by their general facilities or special tools to perform the work desired. Or, you may prefer to have us determine the current interest of these firms by outlining to them such details as you may submit to us. If you do not wish to have your identify disclosed, we can forward the result of our circularization to you for direct contact. In every instance, the New York firms suggested will be those which are known to have the required equipment based on an examination of our 1951 "Industrial Preparedness Survey."

Just one of many services—Aid in locating subcontractors is just one of the many services available to both large and small manufacturers. A special bulletin describes in detail the defense services of New York State Department of Commerce. Copies are free.

Write for
bulletin



New York State Department of Commerce
Room 103, 112 State St., Albany 7, N. Y.
Please send me a copy of your free bulletin "Defense Services of the New York State Department of Commerce."

Name _____

Position _____

Company _____

Street _____

City _____ State _____

anyone willing to sit and listen. At the Cort, \$4.80 top, with seats at the box office, best locations at the brokers.

V. Holdover Plays

A handful of survivors from last year may make playgoing a little happier for the businessman who lets this year's offerings discourage him. Here's what's still on:

Affairs of State: Louis Verneuil's comedy of cup-and-saucer romantic intrigue in diplomatic Washington, with June Havoc in the part originated by Celeste Holm, and Barbara O'Neil, Shepperd Strudwick, and Reginald Owen in their original supporting parts. Music Box, \$4.80 top, with tickets at the box office.

The Moon Is Blue: F. Hugh Herbert's slight but diverting comedy about the young couple who meet in the Empire State Building observation tower. Barbara Bel Geddes, Donald Cook, and Barry Nelson continue as stars. Henry Miller, \$4.80, with a few tickets at the box office, plenty at the brokers.

Stalag 17: Melodrama-comedy about GI's in a Nazi prisoner-of-war camp, by Donald Bevan and Edmund Trzcinski, based on firsthand experience. At the 48th Street, \$4.80 top, with tickets at the box office.

VI. Slight Encouragement

A number of shows slated to open soon may help lift Broadway from the level it has recently hit. Topping the list will be the dual offering of Sir Laurence Olivier and his wife Vivien Leigh based on the adventures of Cleopatra. The two will star in Shakespeare's Antony and Cleopatra and Shaw's Caesar and Cleopatra on alternate nights for 16 weeks. The double-header (which Broadway wags refer to as "Two on the Nile") was a sensation in London last season, and it's certain to be a sellout here even before it opens on Dec. 19 and even at a top price of \$7.20. At the Ziegfeld, with some tickets available from brokers—maybe.

Grand Tour: New play by Elmer Rice (Dream Girl, Counsellor-at-Law, etc.), will be presented by the Playwrights' Co., Dec. 10 at the Martin Beck, at \$4.80 top. No reports on quality.

Point of No Return: Paul Osborn's dramatization of the John P. Marquand novel, starring Henry Fonda, well received during its tryout tour, opens Dec. 13 at the Alvin, \$4.80 top (\$6 Friday and Saturday nights), with a heavy advance sale.

There are also others more or less definite and innumerable possible projects announced by various management. But at this moment they're mostly too iffy for general interest.



They keep coming back for more

One thing that distinguishes a boiler from most other types of equipment is that its *annual* operating cost is more than its initial cost. In fact, the annual cost of *fuel alone* for the average boiler installation usually *equals or exceeds* the purchase price—and the purchase price of a boiler represents a sizable capital investment.

With fuel costing what it does today, it is more important than ever before to select a boiler that will assure the most efficient performance possible. That is why it is especially significant that people

who have bought C-E Vertical Unit Boilers—and know these boilers *through their own experience*—continue to buy them.

Just glance at the examples at the right. It's just a small sample of the plants—in industry after industry—that have ordered and reordered VU Boilers.

Why not investigate the VU Boiler for *your* next installation. Our recommendations as to the most suitable type of VU Unit for your particular requirements are available to you or your consultants without obligation.

ALL TYPES OF STEAM GENERATING, FUEL BURNING AND RELATED EQUIPMENT

A Chemical Company ordered two VU Boilers in 1939. In 1946 five more were ordered for three of their other plants. In 1949 two more were ordered for one of these same plants, and in 1950 two more units for a fifth plant. In 1951 three more units were ordered for still another plant—thirteen units for six plants in twelve years!

A Steel Company now has a total of eleven VU Boilers in four different plants. Starting with three units in 1936, it has reordered three times . . . most recently in the fall of last year with an order for three more units.

A Textile Manufacturer ordered two VU Units in 1936. Another unit was installed in 1940 and a third in 1944. Still another textile company installed one unit in 1945, a second in 1949 and has just ordered another.

An Electric Utility Company installed its first VU Unit in 1941. Two more units were ordered for another plant in 1947, a unit for a third plant in 1946 and still another for a fourth station in 1949.

A Refining Company ordered one VU Unit in 1937, another in 1940 and another in 1949 for one of its plants; also two in 1942 and one in 1947 for another plant.

B-486



COMBUSTION ENGINEERING — SUPERHEATER, INC.

Combustion Engineering Building
200 Madison Avenue • New York 16, N. Y.

TRUNDEL TALKS



YOU MAY FIND **BIG SAVINGS** IN SMALL DEPARTMENTS

Sometimes a relatively minor department—one getting little management attention—can be the source of sizable operating savings.

This was recently the case with a leading automotive accessories jobber. The packaging department was experiencing excessively high handling and packaging costs. Trundle Engineers were called in to see what could be done.

A Trundle engineering study revealed a basic need—complete rearrangement of the flow and handling of materials. Special packing benches were designed. Complete new material-handling and assembly methods were worked out, with greater safety and better working conditions for employees. A more accurate weighing plan was developed, to help eliminate overages and shortages in weighing and packing.

For Profit-minded Executives: The annual operating saving made in this relatively small department amounted to over \$26,000, many times the Trundle fee for this assignment.

Trundle works as a "team" with your executive staff—on problems involving Management, Marketing, Manufacturing, Engineering and Industrial Relation functions. May we give you more information on whom we serve, and how we might serve your company? Write or phone The Trundle Engineering Co., 917 Bulkley Bldg., Cleveland 15, Ohio.

THE TRUNDEL ENGINEERING CO.

AND TRUNDEL ASSOCIATES, INC.

CLEVELAND • OHIO

NEW YORK • WASHINGTON • CHICAGO

32 YEARS OF CONSULTING SERVICE FOR MANAGEMENT

READERS REPORT

Mott's Lot

Dear Sirs:

The Happy Lot of Charles S. Mott [BW—Nov. 24 '51, p78]:

Did he take all that money and buy him a yacht?

Or blow it on babes as he might've, God Wot?

Not Mott.

Did he goldplate the sink in his humble cot?

Or buy him a statue for his graveyard plot?

Not Mott.

He put all his chips in Alfred Sloan's pot.

And for fifty years they begot and begot. So what?

So

Mott

has got
a lot

1-million shares of General Motors to be specific.

HERMANN GAFFNEY

DETROIT, MICH.

Capitalistic Socialists

Gentlemen:

Your editorial "What Happened to the American Socialists?" [BW—Nov. 17 '51, p180], ignored one of the key explanations for the fact that American workers are not class-conscious. The fact is that the so-called Socialist party was, from the outset (as one of its own members once described it), a "huge machine for lying about socialism." It repudiated Marxism and devoted itself to petty capitalist reformism. Indeed, to this day its leaders alternately complain and boast that the major parties have "stolen" the reforms pioneered by the S.P.

The bona fide party of Marxism in America is the Socialist Labor Party, which is about to enter its sixty-second year. Its official English-language organ, the Weekly People, is now in its sixty-first year of uninterrupted publication. It is the only Marxist paper in the world that can boast of such a record.

Permit me to point out that the fact that the American workers are not class-conscious today is no guarantee that they will not become so.

ERIC HASS

EDITOR, WEEKLY PEOPLE
NEW YORK CITY

Publishers View

Dear Sir:

Concerning your article "Magazines: Is TV a Real Threat?" [BW—Nov. 10 '51, p120]:

The chart at the top of the page



THE NEW

Caribe Hilton

GEM OF THE CARIBBEAN



HILTON HOTELS

In Chicago . . . THE CONRAD HILTON AND THE PALMER HOUSE

In New York . . . THE PLAZA AND THE ROOSEVELT

In Washington, D. C. . . . THE MAYFLOWER

In Los Angeles . . . THE TOWN HOUSE

In St. Louis, Mo. . . . THE JEFFERSON

In Dayton, Ohio . . . THE DAYTON BILTMORE

In El Paso and Lubbock, Texas . . . THE HILTON HOTEL

In Albuquerque, New Mexico . . . THE HILTON HOTEL

In San Juan, Puerto Rico . . . THE CARIBE HILTON

In San Bernardino, Calif. . . . ARROWHEAD SPRINGS

In Chihuahua, Old Mexico . . . THE PALACIO HILTON

In New York

HOTEL WALDORF-ASTORIA

Conrad N. Hilton, President

The skies are blue, the private beach and colorful cabanas are at your front door and life is incomparable at the magnificent Caribe Hilton. Here, in beautiful San Juan, Puerto Rico, you'll enjoy friendly Hilton hospitality, dancing in the Club Caribe, dining beside the sparkling pool or relaxing in your air-conditioned room with balcony overlooking the ocean. It's perfect for your vacation or business trip to the Crossroads of the Americas.



CONRAD N. HILTON, PRESIDENT

EXECUTIVE OFFICE • THE CONRAD HILTON • CHICAGO 5, ILLINOIS

Designed for Speed • Precision • Compactness



The
**AIR
CYLINDER**

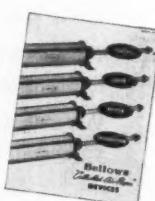
with the Built-in Value

Air engineers agree: the closer the valve to the cylinder, the more efficient is air cylinder operation. In the Bellows Air Motor the valve, and all operating controls, are an integral part of the cylinder itself.

This built-in construction means quicker action, more positive response, surer control, and more economical operation. Built-in construction means compactness, simplified installation, minimum maintenance.

The Bellows Air Motor is made in five bore sizes: 1 1/4", 1 3/4", 2 1/2", 3 1/2" and 4 1/2", and in any stroke length, with either the built-in Electroaire Valve* for remote control electrical operation, or with the built-in manual valve for hand and foot operation or for mechanical linkage to a machine element. Wide range of mounting styles.

Write Today for this free 32-page booklet. Dimensional specifications, technical data, wiring diagrams, case history studies, production and cost data. Address: Dept. BW 128, The Bellows Co., Akron 9, Ohio. Ask for Bulletin CL-30.



The Bellows Co.
ESTABLISHED 1911
AKRON 9, OHIO

"Controlled-Air-Power"

*TM REG.

FOR FASTER, SAFER, BETTER PRODUCTION

1035

reads, "Dollar Volume of Advertising in . . ." Newspapers are the only medium listed here that have local as well as national advertising revenues. If this chart is meant to indicate total newspaper revenue, your estimate is short by well over \$1-billion. If it is meant to cover national advertising revenue only, I think the caption to the chart should say so.

For some time now, we have published annual estimates of national advertising revenue in newspapers. In 1950 our estimate was \$499-million. This figure includes revenue derived from Sunday supplements, which is, of course, newspaper advertising revenue.

In 1950 Publishers Information Bureau reported the revenue of all general magazines as \$431-million. In addition, revenue from farm magazines amounted to \$30-million. These are the figures we use in comparing national advertising revenue in newspapers with corresponding revenue in general magazines and farm magazines.

I would like to point out that the newspaper revenue indicated above is the only figure that the Bureau of Advertising, A.N.P.A., has released for national advertising in newspapers. If you do not choose to use this figure, I do not think you can credit our own organization or the A.N.P.A. as your source.

WILLIAM G. BELL

DIRECTOR OF RESEARCH
BUREAU OF ADVERTISING, A.N.P.A.
NEW YORK CITY

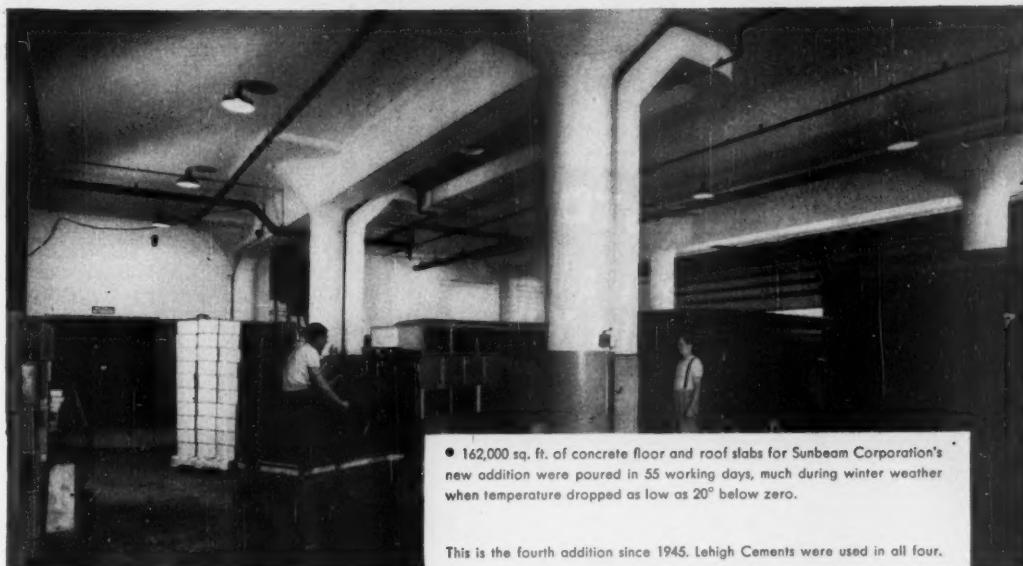
• There is no way of telling to the last dollar what the national advertising income of newspapers really is. Mr. Bell's figure of \$499-million includes a projection for newspapers whose advertising data is not available. It also includes (1) accounts spending less than \$25,000, and (2) some regional advertising such as utilities, political parties, etc.

The figure BUSINESS WEEK used (\$361-million) was based on A.N.P.A. data, but had the projection and under-\$25,000 accounts removed. It was provided by the Magazine Advertising Bureau. Thus the BW figure is on the low side, and the complete A.N.P.A. figure potentially could be on the high side. BW credited the A.N.P.A. in its chart because the basic work had been done by that body.

Who Wins the Race?

Gentlemen:

Your article "Race for Outdoor Water Paint" [BW—Oct. 13'51, p46] with the comment on it by Mr. Fisher [BW—Nov. 24'51, p97] prompts me to write and point out that we have made since 1939 a water thinnable pigmented emulsion of chlorinated natural rubber (not to be confused with the many



• 162,000 sq. ft. of concrete floor and roof slabs for Sunbeam Corporation's new addition were poured in 55 working days, much during winter weather when temperature dropped as low as 20° below zero.

This is the fourth addition since 1945. Lehigh Cements were used in all four.

35 days earlier occupancy

Sunbeam Corporation's need for more space was urgent. This meant another addition to their plant. Construction speed at winter temperatures was a major problem. Credit for its solution went to the architect and to the contractor, who selected Lehigh Early Strength Cement for its speed in



reaching service strength—with these results:

A saving of 35 days in construction time . . . 35 days earlier occupancy! Vastly important to any business concern with an immediate need for greater production capacity! Also important: the faster construction of the new Sunbeam addition was achieved without extra cost.

For all concrete work where speed is a factor, specify Lehigh Early Strength Cement. Our Service Department will be glad to help you with your specific problems.

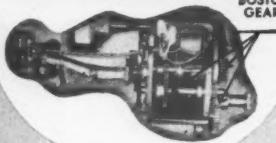
LEHIGH PORTLAND CEMENT COMPANY
ALLENTEW, PA. • CHICAGO, ILL. • SPOKANE, WASH.

Owner: **SUNBEAM CORPORATION**, Chicago, Ill.
Contractor: **CAMPBELL-LOWRIE-LAUTERMILCH CORP.**, Chicago, Ill.
Architect: **OLSEN & URBAIN**, Chicago, Ill.

Lehigh
CEMENTS

LEHIGH PORTLAND CEMENT • LEHIGH EARLY STRENGTH CEMENT • LEHIGH AIR-ENTRAINING CEMENT • LEHIGH MORTAR CEMENT

whether it's a
WHATSIT or a PERN SNOPPER



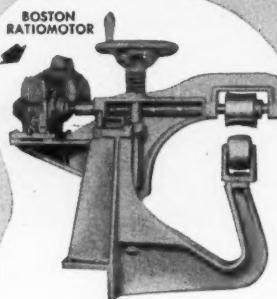
GUESS WHAT?

It's a tire tread roller for eliminating air pockets from beneath the tread before vulcanizing, made by J. S. Heintz & Co. Once vulcanized, it's equipped with a standardized, stock BOSTON Ratiomotor (motorized speed reducer).

BOSTON Gear
makes it a better buy
for YOU

KNOW WHAT THIS IS?

It's an optical lens Electromatic All-shape Bevel Edger, made by A. Lemay & Co., Brooklyn. The gear train in this high-precision unit is made up of standardized, stock BOSTON Gears.



BOSTON Standardized, Stock Gears and Transmission Parts (close to 5000 stock items) are universally relied upon for quality and interchangeability.

BOSTON Gear products cost far less to replace than special, made-to-order, hard-to-match, hard-to-get parts.

BOSTON Gear products are readily available from nearby stock. Eighty Authorized Distributors maintain standardized stocks at factory prices.

- SPECIFY STANDARDIZED BOSTON GEAR PARTS
- DESIGN THEM INTO YOUR EQUIPMENT
- GET REPLACEMENTS FROM NEARBY STOCK

STANDARDIZATION

PAYS

Boston Gear parts in the equipment you install give positive evidence of the maker's determination to give you the best in performance and long run economy.



Spur Gears



Bevel Gears



Miter Gears



Helical Gears



Worm Gears



Sprockets and Chain

BOSTON GEAR WORKS 78 Hayward St., Quincy 71, Mass.



Ratiomotors



Couplings



Bearings



Pillow Blocks



Universal Joints



Bolt-Bronz® Bearings

synthetic so-called rubbers) in any color for exterior use. Its unusual durability can be explained possibly by the fact that two of the chief paint-destroying reactions have been eliminated completely, namely oxidation and saponification. It cannot support combustion nor turn to soap under the influence of lime-bearing surfaces.

It has been used on federal and municipal buildings, and the National Bureau of Standards began tests in 1939. In 1940 Mr. William Lescaze, a fellow of the American Institute of Architects, painted his own building at 211 East 48th St., N. Y. C., and subsequently 209 East 48th. The emulsion is still in good condition for anyone who would care to check up on it.

We sell these rubber-base emulsions under our trade name of RUBALT PE. They overcome the pull or drag on the paint brush characteristic of chlorinated rubber even when oil modified. They contain no after-yellowing oils and are fungi repellent.

ALFRED HAGUE

ALFRED HAGUE & CO.
RUBALT PRODUCTS
BROOKLYN, N. Y.

Jobs By Mail

Dear Sir:

The report given in BUSINESS WEEK (BW—Oct. 27 '51, p45) on the Direct Letter Recruitment Program, initiated by this office, prompted me to write this letter giving information as to the results achieved.

Activity records of the office for the month of October showed a decided increase over the previous month. Visits to the office by applicants seeking job placement assistance increased more than 85% over the previous month, actual placement of job applicants increased more than 90% over the previous month, and more than 1,200 applicants have written to the office indicating their availability for, and interest in, part-time employment.

Additional telephone facilities have been installed to take care of increased incoming telephone calls from interested applicants who found it inconvenient to visit the office, many of whom were referred directly to local employers in need of workers possessing their qualifications and experience.

Reports from many employers in the area indicate a noticeable increase in applicants applying directly to their establishments for employment as a result of the widespread dissemination of labor market information in an area where we could ill afford to have disruptive recruitment practices.

C. M. EARLY

MANAGER
VIRGINIA STATE EMPLOYMENT SERVICE
ARLINGTON, VA.



Built for Business

**THE NEW 16mm.
KODASCOPE PAGEANT
SOUND PROJECTOR**

LIGHTWEIGHT • EASY TO USE
DEPENDABLE PERFORMANCE



**NEW KODAK
MULTI-SPEAKER
UNIT...**

with 3 extra speakers for Pageant Projector, gives you a total of 4 to overcome almost any adverse acoustical condition. Three speakers pack into an easy-to-carry case with enough space for a 2000-ft. film reel. Price, \$92.50.

Prices are subject to change without notice and include Federal Tax applicable when this advertisement was released for publication.

Here's a *new* sound projector that makes your business movies more effective... the Kodascope Pageant... for 16mm. sound or silent films. Your screenings of sales, training, and documentary films get a professional touch, from start to finish.

An improved optical system makes the screen images better than ever... both black-and-white and color pictures are sharp and brilliant from corner to corner. A unique audio system provides "sound focusing"... controls tone value at all volume levels. Simple threading and interlocking controls make it easy to run the Pageant... enabling you to get your movie shows under way quickly.

Sturdily built, with lifetime lubrication, the Pageant will give you years of useful, trouble-free showings. Complete, with projector and speaker in a single case, it weighs only 33 pounds... easily carried by hand. You can depend upon the Pageant when showing your films in churches, schools, business, industry. Its low price of \$400 will interest you. For a demonstration, see your Kodak dealer, or write for free booklet to Eastman Kodak Company, Rochester 4, N. Y.

BUSINESS FILMS

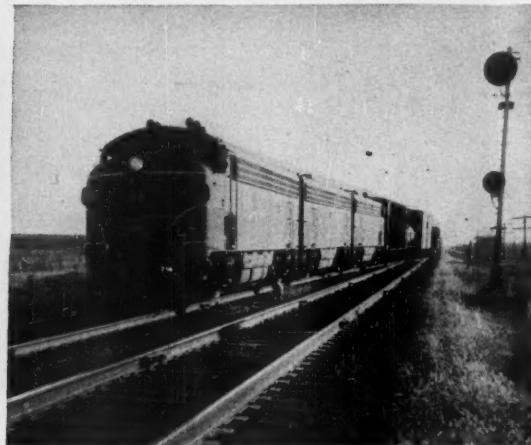
... demonstrate, train,
dramatize, sell

Kodak

TRANSPORTATION

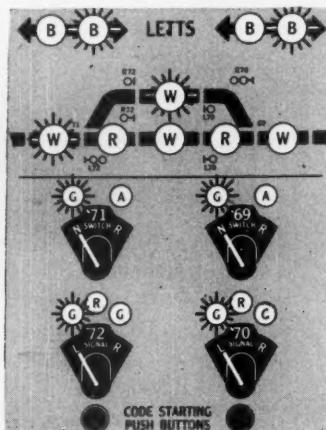
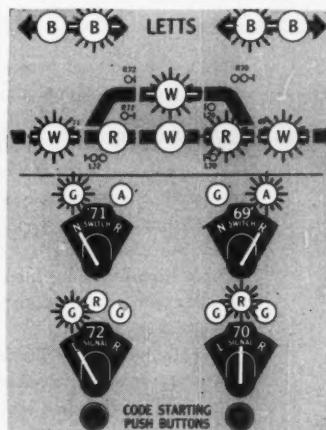
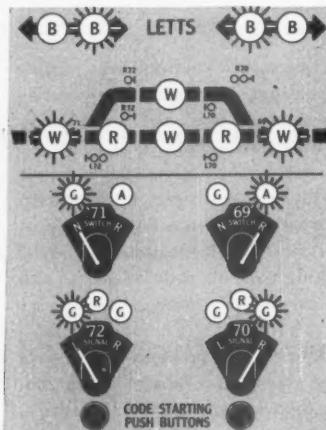


1 On controller's panel, track diagram is at top. Below are switch controls (69 and 71) and signal controls (70 and 72). Freight coming from East (right) must take siding for train from West, so operator throws eastern switch (69) to "reverse."



2 Freight moves into siding (above). Lights burning on track diagram show operator it's partly on main line, partly on switch, partly on siding. Western signal L72 (L for left- or west-facing) is set green for passenger train. L70 is still red.

3 Freight train is now all the way onto siding. Eastern switch (69) is put back to "normal"; eastern signal L70 is set green. Both switches and both signals now give passenger train a clear track. Blue lights above panel show relationship of trains.



How CTC Makes a Single Track Carry

Controlling railroad traffic is a relatively simple matter when you're operating over short distances, as in Europe or the eastern U.S. All you have to do is lay double or triple track. Then your fast trains can pass your slow ones, your northbound and southbound trains can get by each other with a minimum amount of juggling.

It's not so easy, though, when you're dealing with long distances, as in the West. A thousand miles of single track is expensive enough; double track is

practically out of the question. So you have to resort to a system of sidings so that trains can wait for each other to pass. And this involves complicated arranging of timetables, long waiting periods, and—occasionally—accidents.

The Answer—This explains why U.S. railroads go in for complex control equipment designed to step up the efficiency of single-track operation. The most elaborate system of all is CTC—"centralized traffic control." Simply stated, CTC is a method whereby an

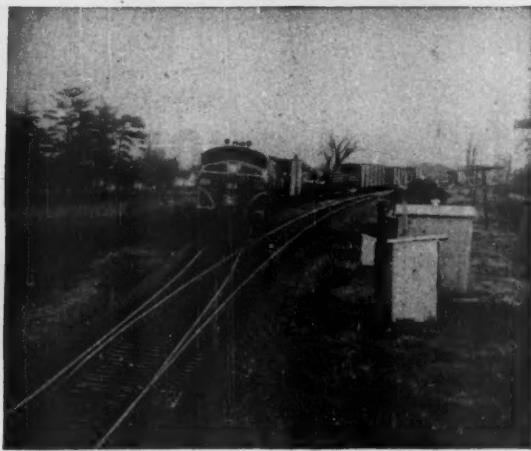
operator at a central point can watch and control all the trains on any given track system. Instead of having to rely on timetables, the trains rely on directions from the operator.

What the operator actually works with, in principle, is a model of the track that shows him the exact location of each train. By pushing buttons, he can operate switches out on the track. In this way, he can direct movements of the trains as conditions dictate.

This method takes the blindness out

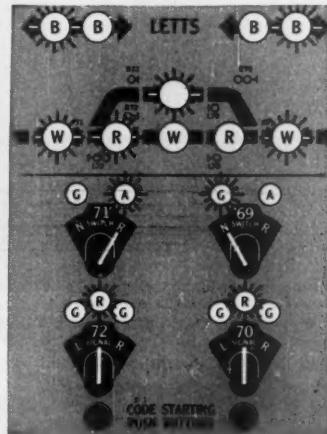
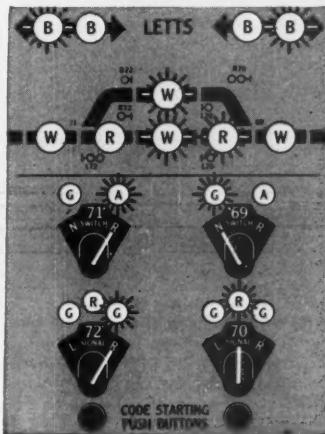
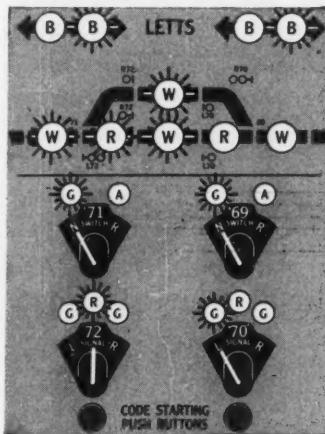


4 Passenger train goes by parked freight (above). Burning lights on panel show operator where it is. Western signal (72) goes red in both directions as soon as locomotive passes it, will stay red till last car is off the switch.



5 Passenger train is now past western switch (71). Operator sets 71 to "reverse," signal R72 (right- or east-facing) to green. Freight is now free to move back onto main line. Blue lights indicate setup for two trains moving away from each other.

6 Freight moves off siding. In this case, the passenger train was late. Without central control, the freight would have depended on a time-table, waited half an hour on a siding 30 miles back. As it was, it waited only five minutes.



Double

of the operation. Trains move according to actual conditions rather than conditions predicted by timetables. Thus, if the regular schedule is upset—a certain train might be running late, for instance—the rest of the trains can be told to move on instead of waiting for the late train to pass.

By saving time like this, and by jacking up efficiency, CTC increases track capacity. A single track using CTC can carry 80% as much traffic as a non-CTC double track.

And it does more—it increases safety. Human error can never be entirely ruled out, of course, but it is virtually impossible to have a head-on collision under a CTC setup. If, for instance, one train moved out of a sideline while another was approaching from the opposite direction, all the signals on the main line would automatically turn red. The central control board, too, is so arranged that it is impossible for the dispatcher to set it for a collision.

• **A Boon**—One railroad that uses CTC is the Rock Island R.R., operating over a large territory in the Midwest. The bulk of this company's trains run on a single-track setup. CTC, consequently,

has proved a boon, and over the last 10 years Rock Island has invested \$3,750,000 in it.

As an example of what CTC can do, take a stretch of Rock Island track between Herington, Kans., and El Reno, Okla.—a distance of 231 miles. Before CTC was put in, trains ran by timetables and train orders. Sidings were four to five miles apart, with all switches hand-operated. This was a clumsy and time-wasting setup.

With the coming of CTC, 19 out of the 34 sidings could be abandoned—for the trains now had plenty of advance warning as to when they should pull over. All switches are now power-



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"Catalina", "Coronado"
and "Champion"—T.M.
Gunnison Homes, Inc.

NEW ALBANY, INDIANA

operated from the central control point. The average running time for freight trains over this stretch of track, as a result of CTC, has been cut by two to four hours (see pictures, pages 74, 75).

Rock Island figures that the cost of CTC is about \$4,500 a mile for single track. To operate a 450-mile stretch of CTC track costs about \$8,000 a month. But against that you can offset the wages of all the hand signal operators and dispatchers who are needed for non-CTC operations.

• **Catching On**—The basic idea of CTC is not new; it started about 25 years ago. But the big swing to CTC started at the end of World War II when the railroads began overhauling their systems to increase hauling capacity. Now short-haul railroads as well as the long-haul single-track lines are picking it up rapidly.

At present about 13,000 miles of track in this country are controlled by CTC installations. And the railroads are adding a good 1,500 miles more each year. The bulk of this increase, quite naturally, is being contributed by the West. But eastern railroads, such as New York Central, are swinging to CTC as well.



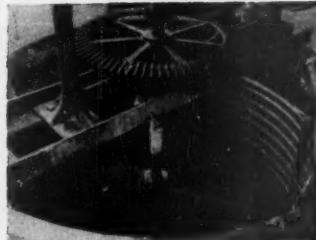
It's a Car; It's a Plane

This airgoing automobile changes from one form to the other in five minutes. Designer Moulton Taylor for Longview, Wash., has demonstrated it up and down the West Coast, is building three more. As a plane, it has a cruising speed over 100 mph.; as a car, it will roll at 60 mph. It carries two.

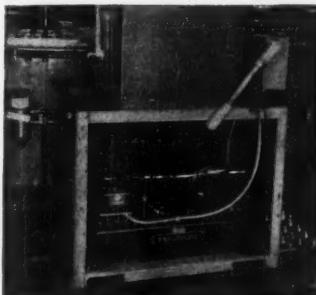
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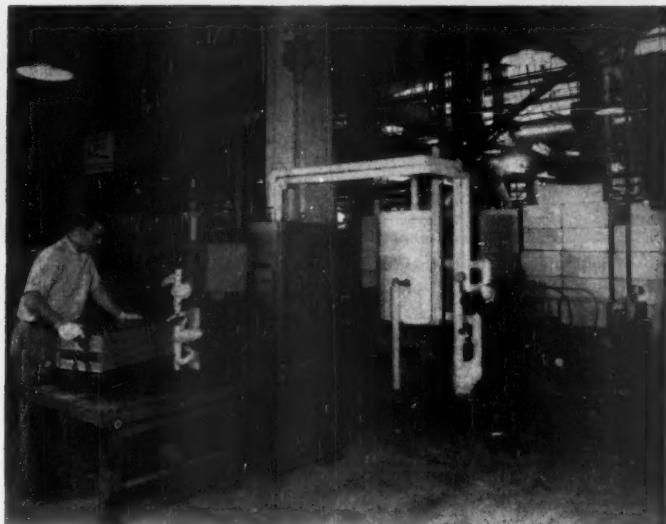
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Slashes soap production time! A large soap producer used to take three weeks to make perfectly clear liquid soap. Now, with Frigidaire Refrigeration cooling the soap, it takes 24 hours! And removing no-longer-needed curing and storage tanks has freed valuable space.



Ends precision gauging troubles! Gauging of precision ball bearings was delayed when a circulating pump raised the temperature of an oil bath, causing bearings to expand. A Frigidaire installation now keeps the oil at proper coolness for accurate gauging—eliminating a costly lag in production flow.

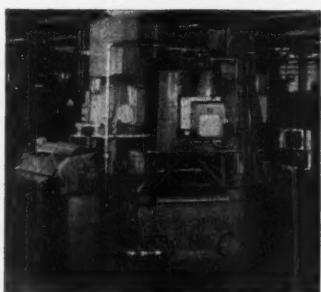


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money, Frigidaire can help you find an efficient, economical answer to the problem. See your dependable Frigidaire Dealer, Distributor or Factory Branch. Look in the Yellow Pages of your phone book, under "Refrigeration Equipment." Or write Frigidaire Division of General Motors, Dayton 1, Ohio. In Canada, Leaside (Toronto 17), Ontario.



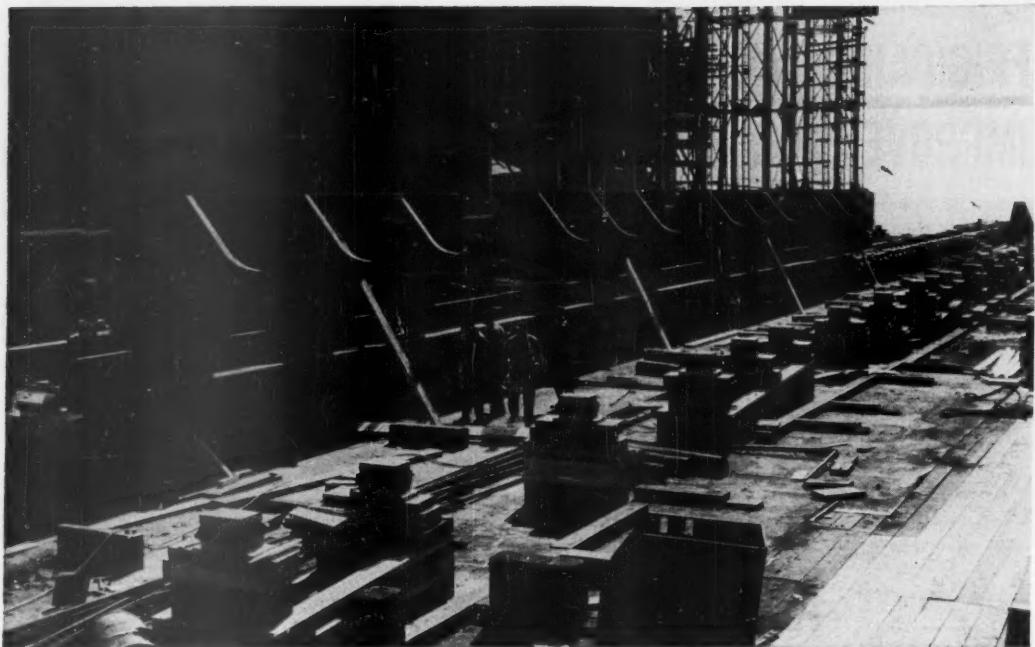
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SUN shipbuilding yards were among the lucky few; they kept their contracts. But elsewhere orders are being canceled, and . . .

Merchant Shipbuilders Cry for Steel

DPA says they are a nondefense industry. Result: a low allocation. To top it off, the mills can't even supply that.

The major problem of the shipbuilding industry today can be summed up in one word: "Steel!"

This involves a two-pronged dilemma. (1) There's plenty of steel for naval ship construction, but there isn't nearly enough naval work to keep the shipyards going. (2) With merchant ship construction, it's the other way around: There's enough work to keep the yards on their feet, but there isn't enough steel. Shipbuilders, consequently, don't know which way to turn.

• **Deaf Ear**—So far the shipbuilding industry has been unable to convince the National Production Authority that merchant shipbuilding is a defense activity. NPA has turned a deaf ear to the argument that, since merchant ships are indispensable in wartime for transporting men and materials, merchant shipbuilders should get defense priorities for steel.

Not only have the shipyards been unable to get allocations of steel to cover their stated requirements; it's worse than that: They haven't even been able to place orders with steel mills to cover what allocations they did get.

Broken down into statistics, the gloomy picture looks like this:

Tons:	3rd Quarter 1951	4th Quarter 1951	1st Quarter 1952
Allocation			
Asked:	... 131,000	131,558	174,000
Allocation			
Granted:	... 107,000	103,000	97,000
Orders Actually			
Placed:	... 94,467	85,967	*77,600
(Estimated)			

• **Production Cut**—What are the specific effects of this shortage of steel for ships? The Maritime Administration has already suspended contracts for the construction of 14 mariner-class, high-speed cargo vessels—five with Bethlehem Pacific Coast Steel Corp., San Francisco, Calif.; three with the New York Shipbuilding Corp., Camden, N. J.; two each at Bethlehem-Sparrows Point, Baltimore, Md., and Ingalls Shipbuilding Corp., Pascagoula, Miss.; and one each at Newport News Shipbuilding & Dry Dock Co., Newport News, Va., and Bethlehem Steel Co. at Quincy, Mass.

Maritime Administration predicts further suspensions unless the mobiliza-

tion authorities loosen up on steel. The program affected by the cut consists of 35 cargo ships being built for MA out of a \$35-million appropriation, with seven shipyards each holding a contract for five vessels. No suspension of work was ordered on the five under construction at Sun Shipbuilding & Dry Dock Co., Chester, Pa., because of the advanced progress on the ships there.

• **Two-Way Trap**—NPA and DPA officials have a ready answer to the questions of why merchant shipping can't get larger allocations: There just isn't enough steel around to cover the wants of all "nondefense" industries.

The question of why shipbuilders can't place orders for all their allocations takes more explaining. One factor in it is an old WPB brainchild called "attrition" (BW-Dec. 1 '51, p132).

Attrition, applied to this particular case, is simply this: DPA figures that, whatever amount of steel it allots to any given industry, various unforeseen factors (strikes, etc.) will always be coming up—with the result that a good 10% of that allocation will never be used. So, to make sure that all available steel is used up, DPA overallots by approximately that 10%. Thus, the supply of steel is always kept tight.

But attrition in other industries doesn't necessarily make steel available



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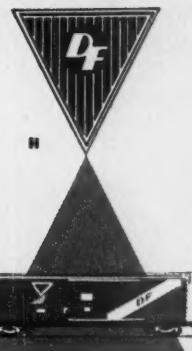
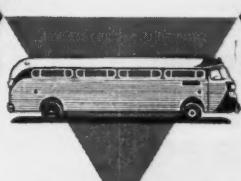
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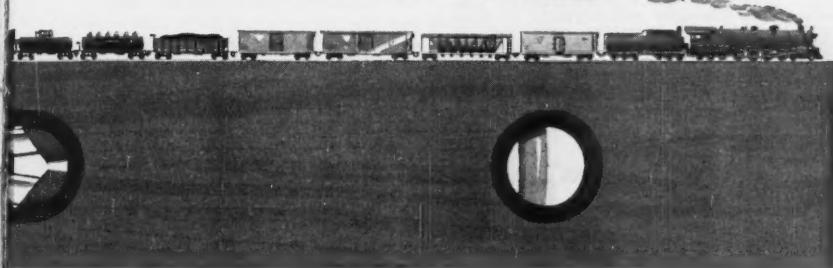
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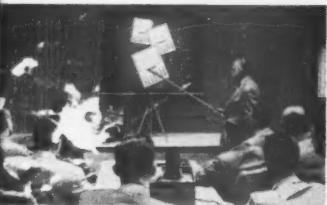
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"... Because of the shortage, Ingalls laid off 1,000 men . . ."

SHIPBUILDERS start on p. 78

to the shipbuilders. The yards use heavy steel plates, a product that isn't widely used elsewhere in industry. And so even when some steel is made available by the failure of another industry to take up its full allocation, the chances are it isn't the type of steel shipbuilders use.

• **Lucky Few**—Things are so tough now that for the fourth quarter of this year Bethlehem-Quincy, Bethlehem-Sparrows Point, and Sun were the only yards able to place orders to cover their full allocations. The Bethlehem yards, of course, had little difficulty getting Bethlehem Steel. (Under present regulations it's up to the mills themselves to decide which nondefense orders to honor when they can't take care of all of them.) The Sun yards got steel by sending top brass out to the mills, where they conducted a high-pressure sales campaign in reverse.

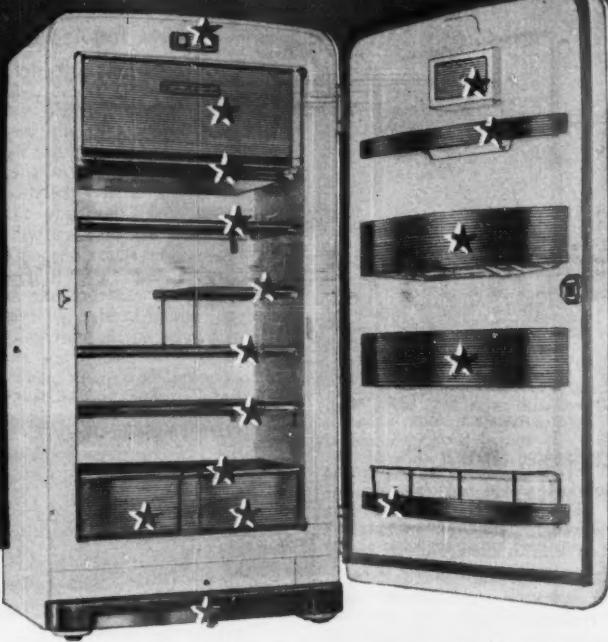
Newport News, New York, and Ingalls had orders turned down for a total of 12,000 tons of steel, consisting almost exclusively of plate.

Because of the steel shortage, Ingalls recently laid off 1,000 men it had recruited and trained, according to MA officials. Now Newport News, they say, is in the same boat. It has just hired and trained hundreds of men after extensive advertising for workers; now it may have to start laying them off. That yard is in the happy situation, however, of being able to shift some of its employees to work on the giant aircraft carrier it is building for the Navy and to other carrier conversion jobs. For such work Newport News can get steel. Other yards are not in such a fortunate position.

• **Grim Joke**—For all yards there's a good bit of irony in the situation. Less than a year ago shipbuilders were flocking to Washington and warning Congress and government officials that their industry would disintegrate unless shipbuilding contracts were forthcoming. Now they have the contracts, but can't get the steel.

Shipbuilding, of course, has not reached the World War II peak, but there's enough work to keep the large yards busy, outside of those on the West Coast that have been inactive since World War II. Ships of 1,000 gross tons or over now under construction include 26 tankers, one passenger vessel, three navy transports (originally intended as commercial passenger vessels), 22 cargo vessels, 17 ore carriers, and three passenger railway ferries. In

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addition, there are 16 more intended for the Great Lakes.

In contrast, just before Korea the only merchant ships under construction for government account were one cargo vessel—the Schuyler Otis Bland—and six passenger ships, including two for American Export Lines, three for American President Lines, and one for United States Lines.

• **For the Fleet**—The Navy Dept. has awarded contracts to private yards for the building of the giant carrier, one prototype—a 1,450-ton antisubmarine destroyer escort ship—one nuclear powered submarine, 15 LST's (landing ships tank), 102 barges, one fleet oiler, and 68 wooden mine sweepers. There are also 53 contracts for the Air Force, covering barges, harbor tugs, control boats, lighters, rescue boats, and the like.

• **Labor Supply**—The industry has been running into a shortage of skilled labor to carry out this construction. It maintains, however, that it can handle this problem and any others if the government will just see that the yards get enough steel.

Builders say they have a large enough nucleus of skilled workers to handle the training of any new employees they recruit. According to the Bureau of Labor Statistics, shipbuilding employment now approximates 100,000. That's about a 40% increase over a year ago.



Scraping the Barrel

Steel shortages are a big problem for auto makers, as for most civilian industry. Studebaker Corp.'s need was desperate enough so that it sent some of its top brass across the Atlantic to dig up a new source of supply. Above is the result of Studebaker's drive: Freighter unloads Belgian steel in N.Y.C.



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Help for Rails

Congress is due to pass new laws to ease their financial woes, but will keep an eye on the coming election.

When Congress comes back to work next year, the odds are that it will put through two or three basic amendments to the laws that control the country's transportation system. Their object: to ease the plight of the railroads. Just what the new laws will be depends on how Congress reacts to two opposing pressures:

- Push and Pull—On the one hand is the alarming state of railroad earnings. Costs are rising at the same time that revenues are slipping. It's reached the point where many roads are wondering where they will get the money to handle maintenance. And with war casting its shadow, maintenance—if not expansion—is essential for the carriers who in World War II handled 97% of all military freight.

The rail earnings situation is so bad, in fact, that Sen. Bricker of Ohio—a right-wing Republican—has hinted that the railroads might have to be divorced from the free enterprise system. That would mean, of course, government ownership. The thought, repulsive to most congressmen, generates heavy pressure for passage of tough laws to aid the lines.

But nobody in Congress can forget that 1952 is an election year. Legislators will be sensitive; majorities will be hard to garner for any legislation that might bring the truckers out fighting. Obviously, a law to help the railroads is likely to hurt the truckers.

- Long Study—The move to do something for the railroads has been building up ever since 1949 when the Senate approved a regulation sacking its Interstate and Foreign Commerce Committee on the problem. The committee will be ready to submit some specific bills when Congress returns in January.

It's pretty clear now what the bills will be like. They'll feel their way toward the middle ground—strong enough to help the railroads, not harsh enough to bring the truckers or other interests down out of the mountains.

- Overhaul ICC—First measures to come up will probably be aimed at reorganizing the Interstate Commerce Commission, which regulates the private lives of railroads and other carriers. Plenty of congressmen have come to think that the ICC is a bit moribund, and far too susceptible to White House pressure. So you may see a bill making the ICC chairman directly responsible for the commission's policies and ad-

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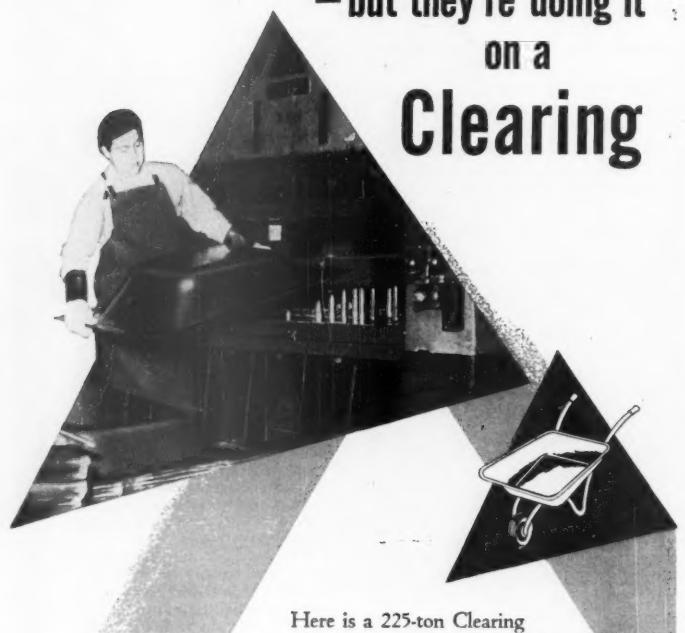
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THE WAY TO EFFICIENT MASS PRODUCTION

ministrative procedures. Under present law, the chairmanship rotates and involves few responsibilities.

Those procedures themselves will be in for some refurbishing. The main object will be to speed up action on requests for rate raises. Just about everyone admits that the railroads lose a lot of money while the ICC is making up its mind. Favorite example is the rails' request for a 17.5% freight increase filed in mid-April, 1946. It took the ICC until Jan. 1, 1947, to say yes. In the interim, working capital of the railroads declined by \$386-million, even though they were allowed a temporary 6% hike.

Congressmen are likely to find a stronger chairman and a faster setup preferable to the more drastic suggestion that the lines be given greater control over their own rates.

• **Certificates**—Another change that is in the cards is a law redefining the policy ICC should follow in granting certificates of public convenience to trucking firms. There's ample evidence that the railroads are losing an increasing amount of high rate freight to the truckers. The problem for Congress is to check the flow without making the truckers too mad.

During the Senate committee hearings it became clear that some influential legislators think ICC deals out certificates much too handily.

But any effort to shackle the truckers in their competition with the railroads will run into serious complications in the internal regulation of the trucking business itself.

Thus, the common carriers among the truckers suffer right along with the railroads from the inroads of the so-called exempt carriers. The exempt truckers are those who carry farm produce to markets. On the return trips they are allowed to lease their vehicles at rates below those the common carriers can meet.

• **Bargaining**—Contract carriers among the truckers create another difficulty, since they, too, enjoy rate-fixing advantages. They can bargain as they like with the companies to which they rent their services. But they are supposed to deal with a limited number of customers. The common carriers claim that the contract carriers are diversifying themselves right into the common carrier field. And so Congress is likely to set up stricter regulation of the contract group—if it can figure out a law.

Congressional action looks pretty certain on most of these angles. Just as certain, though, is the fact that there will not be action on some other and more radical proposals now floating around. In the words of Sen. Edwin C. Johnson, the committee's job is to insure the future health of the transportation industry, not to reconstruct it.

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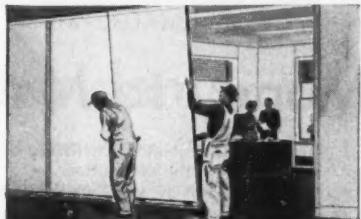
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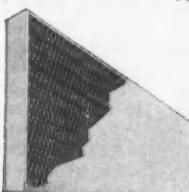
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on the strategies
behind
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campaigns



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PRESIDENT HARRY TRUMAN



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It Takes Strategy and Money to Make

Most of the time nominations of candidates for President of the United States are made—they don't just happen.

In 20th Century politics you have to look hard to find a real "draft" or "dark horse"—two hackneyed but beloved phrases in the politician's lexicon. Hughes and Harding are about the only genuine examples.

As a general rule the man himself, or his supporters, must spend months—and not a few dollars—convincing the all-important delegates to the Republican or Democratic conventions that he is the "man who . . ."

Trying to sell a majority of delegates is the main concern these days of Sen. Robert A. Taft of Ohio and supporters

of Gen. Dwight D. Eisenhower—the two foremost candidates for the Republican nomination in Chicago next July.

As for the Democrats, they have a man in the White House already. What Truman and his backers have to do is keep control of delegates they pretty much own by political right, until the President decides whether to run again. If he doesn't run, a Truman-designated successor would be more than odds-on to be nominated.

• **GOP Story**—Indeed, the story on how to win a Presidential nomination—but, alas, not necessarily the Presidency—in recent times is told in the efforts of Republican politicians. The methods are classic, but can be ob-

scured in the disjointed activities in the months before the conventions.

It isn't so much what Sen. Taft or Eisenhower's drumbeaters, Sen. Lodge and Sen. Duff, do in those months. What's really important is why.

I. The Machinery

At the Chicago conventions Presidential aspirants will be placed in nomination, usually by their most prominent backers; each nomination will be seconded by several lesser lights.

Then comes the big moment for the little man—the delegate. By roll call he votes his choice, until a majority of all the delegates centers on one man. Sometimes he votes individually, and



THOMAS E. DEWEY: 1944, 1948



SEN. ROBERT A. TAFT

Presidents

sometimes his vote is lost in the voice of a state delegation voting as a unit. No matter how he votes, he is paramount for the moment—and candidates today must look to the delegate first for nomination, before electioneering among the citizenry at large.

• Who's a Delegate?—The delegate is a politician, sometimes an important one but more often a county committee leader, a small contributor to the party treasury, or a hale and hearty extrovert who just likes to attend conventions. He is picked in a primary election or by a state convention. Each state or territory has at least two delegates for each senator and representative it sends to Congress—plus premiums for the party's success in the last Presiden-

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"... Maneuvering for delegates is often more a headache than a satisfaction . . ."

PRESIDENTIAL RACE starts on p. 88

tial and midterm elections. There'll be about 1,200 Republican delegates and 1,230 Democratic delegates.

Because of the new census that requires reapportioning of congressional representation, many states will gain or lose delegates. California Republicans, for example, pick up from 53 to 70; Pennsylvania loses three, New York one.

Maneuvering for support among delegates is often more a headache than a satisfaction to a political camp. It's hard to know exactly where you stand. In 1948, for example, the national committeeman from one border state solemnly promised his support to Dewey, Taft, and Stassen.

II. The Method

Supporters of Sen. Taft say their method of committing delegates to their man is pretty simple. They call it Operation Forrest—getting there fustest with the mostest.

Before he formally announced he would run, Taft sent two Ohio emissaries, Ben Tate and Dave Ingalls, into Republican camps all around the country to find out just what could be expected in Chicago next July. He wanted no generalizations. He wanted the actual names of politicians who are for him and who (1) would be delegates or (2) would have influence on delegates.

The answers obviously were heartening enough for Taft to make a third try at the nomination.

• **Classic Approach**—This scouting is a classic method. Jim Farley, who ran Roosevelt's campaigns in 1932 and 1936, was the advance guard in the couple of years before '32. Herb Brownell, J. Russel Sprague, and Ed Jaekle were the Dewey people who twice sold Republicans on the idea they should "get on the bandwagon."

In effect, Taft is saying today: "I'm a candidate, you can see and touch me, I'm a Republican, period." He's trying to get a lock on 600 delegate votes before Eisenhower or Warren or Stassen can get off the ground.

• **Stretch Run**—Supporters of Wendell Willkie back in 1940 were in somewhat the same situation as Eisenhower people are today. Willkie, too, was a late comer, and he had once been a Democrat.

But there's a virtue in coming late: There's no waste motion. You know by late spring the names of the dele-

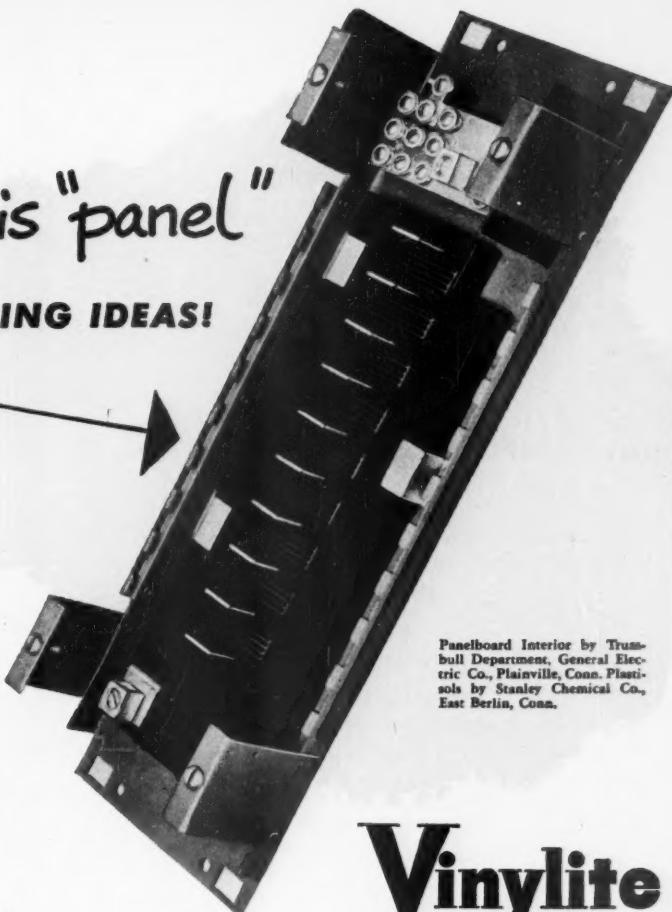
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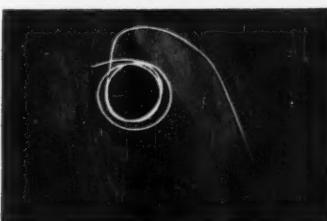
But their unique combination of properties add up to a host of other advantages that should suggest uses in your products. In limitless colors, plastiols make dip-coated dishdrainers easier to manufacture and more durable. They produce seeder funnels that long outlast metal. With a wide range of flexibility, they are unbeatable for waterproof overshoes, chemical-resistant coated work gloves, grease-resistant paper coatings, moisture-proof wire insulation, and many more things.



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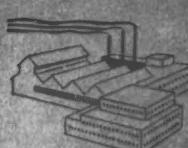
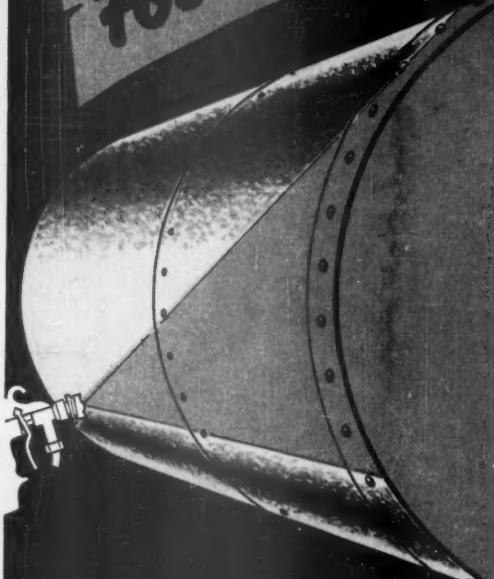
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"...There's a virtue in coming late. There's no waste motion..."

PRESIDENTIAL RACE starts on p. 88

gates, and you know whom to work on.

Willkie's connections with business and industry around the country gave him friends in many places. His supporters were from business, too, and they knew more people. For example, a lawyer in a western state, pledged already to another man, found himself confronted with Willkie pressure applied by two local banks and a lumber company for which he was counsel.

Willkie's strategy also was to work for second-, third-, and fourth-ballot support from delegates firmly committed on first choice. At Philadelphia the Dewey banner flew highest at the start, then dipped on each ballot. On the fourth, Taft passed Dewey, but Willkie took his measure in the sixth. • Inside Stuff—Influence inside the delegation accomplishes these things. The dramatic Pennsylvania decision to go to Dewey on the first ballot after a fight pretty much turned the 1948 convention.

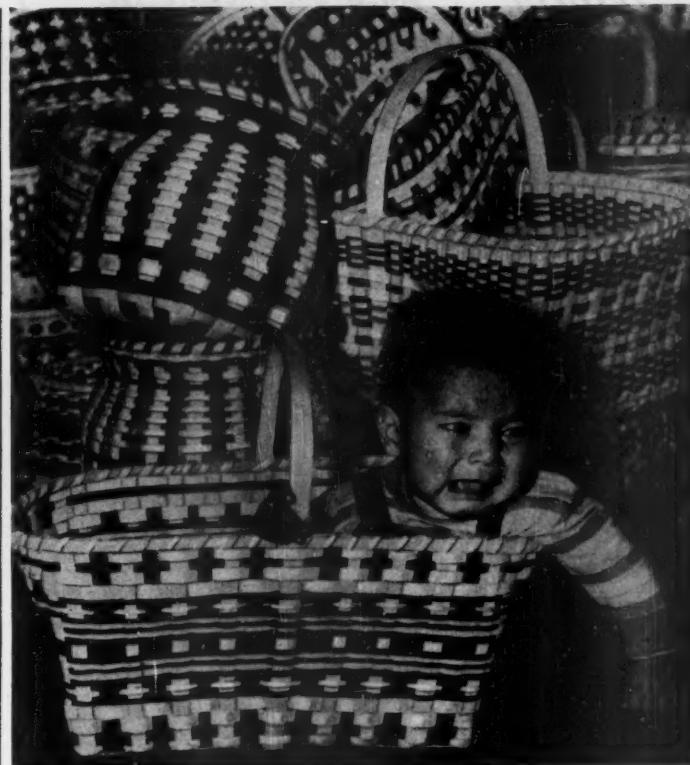
As for dark horses in '48, the leading Republican candidates were well insulated from an uprising. For example, the nomination speeches for Gen. MacArthur, the one personality that could have inflamed an audience the way Bryan and his "cross of gold" speech did in 1896, was shunted to the early morning hours—hardly a time for a demonstration.

• Windblown Straws—Primary elections—really not much more than popularity contests—serve to strengthen or weaken a candidate's hold on the delegates. From March through June delegates will be watching states like New Hampshire, Wisconsin, Nebraska, and Oregon to see how the wind is blowing.

New Hampshire comes first—March 12—and will be important. That will be the first real test of Eisenhower's strength; indeed, it may well avow his intention to be available. For if Eisenhower chooses, he can force his name off the New Hampshire ballot.

Wisconsin comes on Apr. 1. In recent times it has been watched closely. For one thing, the delegates are supposedly committed by the result for the balloting at the convention. For another, Wisconsin has been the turning point for important candidates. It put fear into Dewey and Taft in 1948 when Stassen swept the state; the Wisconsin outcome in 1944 was so bad for Willkie that he withdrew from the race.

The Oregon primary comes in May. In 1948 it saved Dewey from losing out. He had lost to Stassen in Wisconsin



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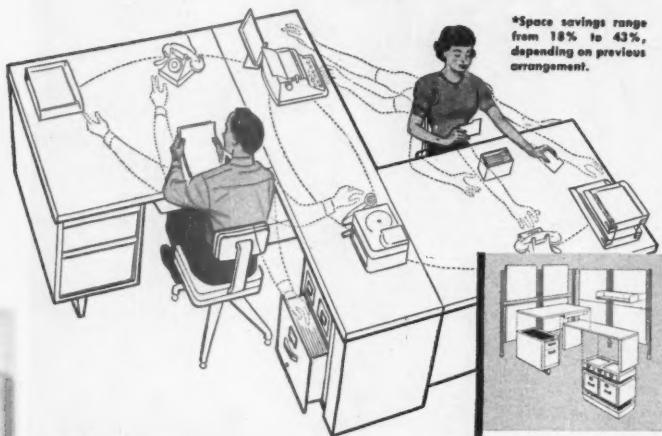


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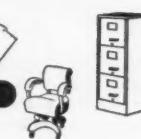
This exploded view shows Globe-Wernicke Techniplan elements: Partitions and posts, desk pedestal, desk top, center drawer, center runner, full horizontal file units and base with island legs.



"L" Unit with horizontal section under auxiliary top. Various arrangements possible for letter files, map and drawing files and card index files.



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and Nebraska; his victory in Oregon came just in time to re-ignite his campaign.

• **Strategy**—Taft will stay out of New Hampshire. His strength in New England is not great, though his people say he is gaining. All the aspirants may be forced to go into Wisconsin, though the professionals on all sides would rather keep their records clean. Stassen's own try there could force everyone in.

Among the 16 primaries, the ones to watch closest will be Wisconsin and Nebraska, both on Apr. 1.

One thing Eisenhower won't do: He won't go into Minnesota to oppose "favorite son" Stassen. And he won't go into Ohio to oppose "favorite son" Taft. Stassen did that in 1948, and it was the start of his finish. Dewey never made that mistake and will no doubt try to steer his candidate, Eisenhower, away from it; Dewey never made an exception to the rule against trying to beat a favorite son.

III. The Money It Costs

Until he wins his party nomination, a candidate has none of the national committee treasury resources to run his campaign. He's on his own in running for nomination.

One way out is to combine politics with business or pleasure. Taft managed some political whacks this week at the same time he was giving a series of lectures on government at the University of North Carolina. Each day he fanned out from Chapel Hill to see people, then returned to the lecture room.

Dewey, in 1947, got away from Albany after the legislature adjourned. He took his first extended vacation in years, going to Yellowstone Park by way of Oklahoma to visit Mrs. Dewey's parents, then returning by way of Michigan to visit his own mother. He found time to see people and to try to influence them.

• **Slow Money**—Of course there are contributors, but not many are happy to put up money ahead of the convention. They tend to wait and see if their man is the chosen standardbearer.

Biggest costs are running headquarters and paying for transportation and literature. Taft has a suite in one of Washington's office buildings with a well-paid professional, Victor Johnson, in charge. And Sen. Lodge of Massachusetts is directing an Eisenhower show from the Shorham Hotel; Stassen people are in the Munsey Building; Gov. Warren is working from his office in Sacramento. It all costs money.

• **The Moral**—Getting the nomination for President takes more than a good name, a loud voice, and a popularity poll.



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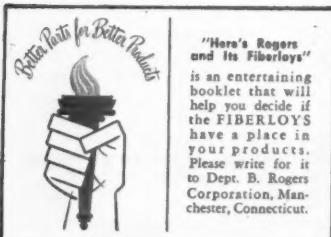


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DWIGHT AVIS finds industry favor as head of alcohol tax collection, but the liquor industry is still reeling from a surprise recommendation in high places . . .

May Shake Up Liquor Control

Leaders in the alcohol business aren't opposed to tighter licensing rules or to cleanups. But they wonder what's behind the idea to put new bosses over them.

The liquor industry got hit by a bolt from Washington a couple of weeks ago. And the bigwigs of the business are still trying to find out who's after them, and why.

The bolt came at an otherwise cloudless press conference held by the new broom of the embattled Bureau of Internal Revenue, John B. Dunlap. Dunlap made one expected announcement—that Dwight E. Avis (picture) was being named deputy commissioner in charge of the new Alcohol & Tobacco Tax Division. The industry welcomed Avis and his background as chief law enforcement officer of the Alcohol Tax Unit since 1934.

But the industry did not welcome Dunlap's announced recommendation "that the control and regulation of the alcohol beverage industry . . . be transferred to an appropriate regulatory

agency outside the Treasury Dept." Secretary of the Treasury John Snyder said the same day that he approves such a shift and so does President Truman.

The liquor industry—the most controlled of all government-controlled industries—is sensitive as a seismograph to the remotest rumblings of government discontent with the business. Industry leaders highly value their relationship with the officials who govern their business. They shudder at the thought of being put into the hands of some new agency. And they insist they don't know yet who put the spark to this idea.

• **The Split**—Essentially, the proposal is this: that the Alcohol Tax Unit hereafter confine itself to collecting the federal taxes on alcoholic beverages. That's a sizable job in itself. For the last fiscal year these taxes totaled \$2.5-

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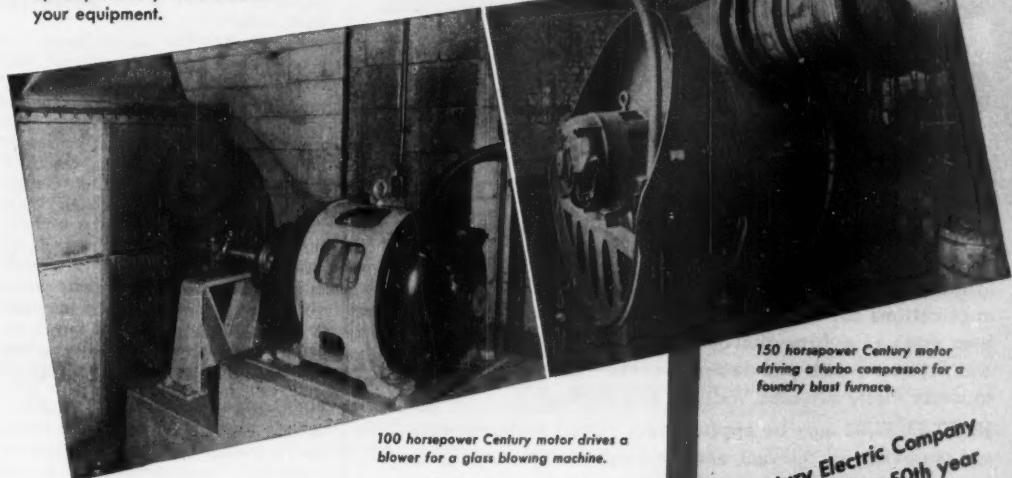
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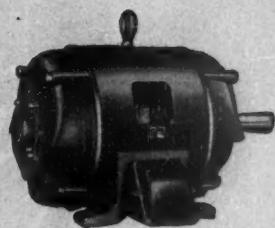
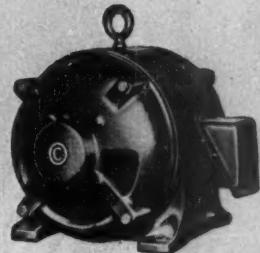


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"... The liquor people are preparing to fight the proposal with everything they've got . . ."

LIQUOR INDUSTRY starts on p. 98

billion, and the new tax law boosts that amount by an estimated \$252-million a year.

The regulatory functions of the old ATU would be placed in some other Washington bureau. These functions include issuance of permits to distillers, rectifiers, wineries, importers, and wholesale liquor dealers; regulation of trade practices, advertising, labeling, and the like.

• **Which Bureau?**—Three agencies are possibilities for the regulatory functions: Federal Trade Commission, which already has general powers over misleading advertising and labeling; Food & Drug Administration, which already has similar powers over food, drugs, and cosmetics; and Justice Dept., whose FBI could be put to work pinpointing any criminal elements that get involved with the legitimate business.

The fact is, though, that none of these agencies was consulted in advance about the recommendation—and apparently no one in the Alcohol Tax Unit, either.

• **En Garde!**—The liquor people are preparing to fight the proposal with everything they've got. The splitup can't happen without congressional action, under the reorganization laws. And the industry figures it can count on help from congressional tax chiefs Bob Doughton and Walter George. Both congressmen are likely to oppose any move to take the industry from the jurisdiction of their respective tax committees.

• **Law May Evolve**—One outcome of the proposal may be to put a fire under legislation to place federal liquor permits on a one- or two-year basis. Now they're issued for an indefinite period and can be revoked only by going through a drawn-out legal procedure. A one-year bill has passed the House, and a similar bill—but specifying two years—has been introduced in the Senate. Object: to make it easier to cut racketeers out of the business. Congress and the industry have been sensitive about that since the Kefauver hearings.

The industry also hopes for results from the checkup of the whole alcohol tax organization now being made by Secret Service and Narcotics Bureau agents. It would like to clean out any sour situations resembling the tiff between American Lithofold Corp. and James B. E. Olson, district supervisor of the Alcohol Tax Unit.



... Another packaging achievement originated by Canco

During the first world war a large manufacturer of shortening became convinced that they did not have the proper package for their product and submitted their problem to Canco. (Many of Canco's containers are developed as a result of problems brought to us by manufacturers.)

The container of necessity would have to be airtight, easy to open and reclose, and provide the proper convenience to the housewife in using the contents over a period of time.

The product should not contact any raw edges of metal. Oxygen in the head space would attack the shortening and affect its quality.

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The container which resulted grew from adapting some features of other cans and embodying new features and constructions specially designed for shortening. Finally, the hinge cover was added for greater convenience.

Features of the can: all-around cleanliness and con-

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Canco has been solving such problems and producing such containers for 50 years now. And Canco will continue to pioneer improvements for its customers to benefit many manufacturers in many fields.

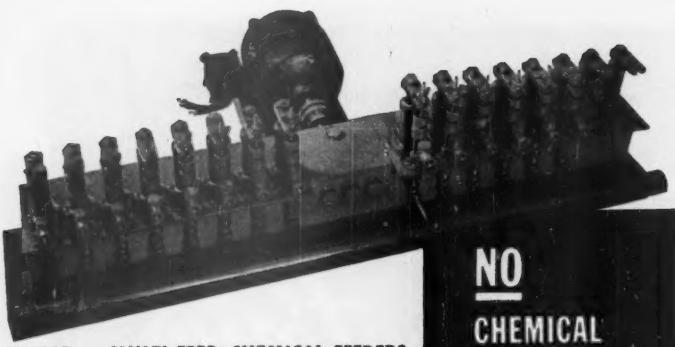


1901-50TH ANNIVERSARY-1951

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FOOD

Healthy Potatoes

Prices rise as 1951 crop stays inside government limit. Ceilings may actually replace supports.

The potato crop, problem child of the agricultural classroom, was a good little boy this year. Gone were the famines of the mid-1940s and the gluts of ensuing years. The crop came out on the nose of the 325-million-bu. target set for it by the Agriculture Dept.

The accuracy seems too good to be true for even the most careful planning—plus the withdrawal of price supports. The weather and the late blight—a disease that thrives in moist weather—teamed up to cause a direct crop loss of 20-million bu. and thus make the planners look phenomenally smart.

• **Storage**—Those same factors may mar the perfection they helped create, though. Weather and blight mean that the late potato crop has below-average storage qualities. Losses in storage may yet push the 1951 crop below par from the consumer's-eye view. Local shortages are a possibility this winter.

Still, the 1951 picture is generally good. Prices have climbed from 88¢ a bu. a year ago to \$1.74 now. A little more climb and they will be bumping the \$1.83-a-bu. parity level at which ceilings can be applied.

Whether the temperamental potato will behave as well in 1952 is another matter, and one that has the best potato brains puzzled. The Agriculture Dept. has called on growers to come up with a 350-million-bu. crop in 1952. This is a slight boost over 1951, but still miles below the near-record 439-billion bu. of 1950, which sealed the doom of price supports.

• **Another Rise**—The chances are that the growers next year will go beyond the limits requested by the government. The rapidly rising prices may induce growers to take back some of the 20% acreage reduction of this year. If the movement goes too far, the crop may substantially exceed needs, and that at a time when the government's sheltering financial wing has been withdrawn.

The Agriculture Dept. has its fingers crossed. For 10 years it has been wrestling with feast and famine. And year-by-year tinkering doesn't seem to be able to cure the potato's ills, which are rooted in deep sociological soil.

• **Demand**—For one thing, Americans just plain don't eat so many potatoes as they used to. In 1910 something

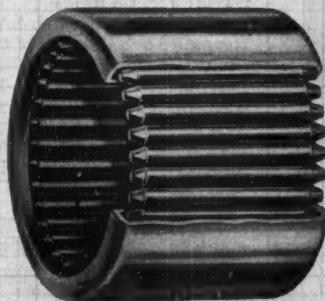


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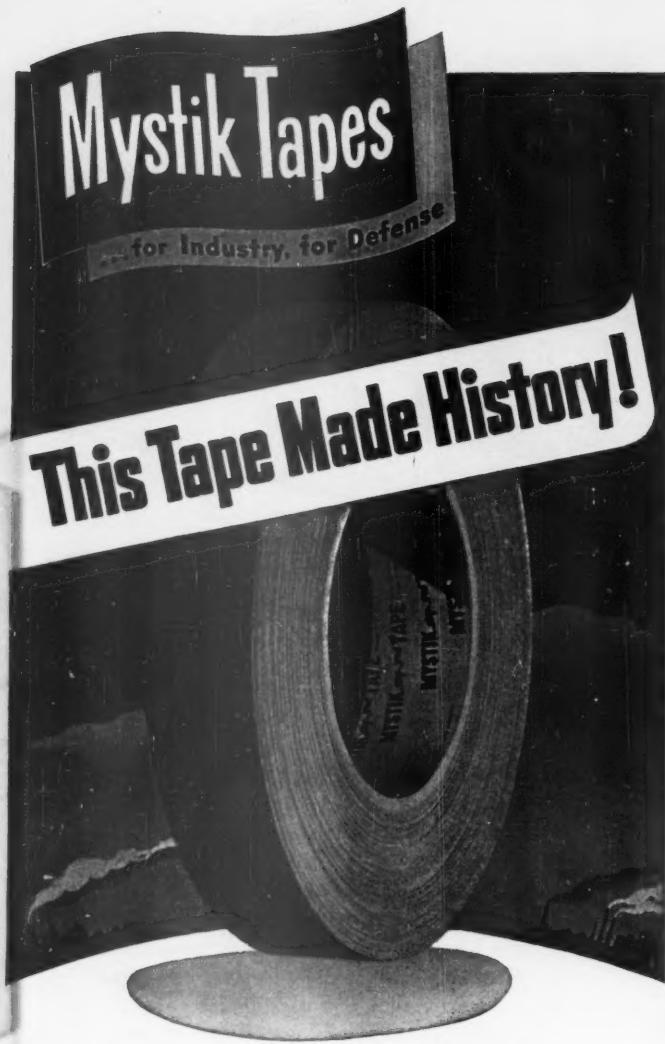


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"... of course, potatoes get a lot of bad publicity, accusing them of starchy wadding . . ."

POTATO CROP begins on p. 102

less than 91-million people snaffled up 303-million bu.—a per capita rate of 195 lb. Now population has pushed past 150-million, but total civilian takings last year were estimated at 264-million bu., a mere 103 lb. per capita.

These figures may be less drastic than they seem. Some economists argue that the earlier figures made no allowance for waste and spoilage. Dwindling or not, potatoes still disappear down American throats in quantities exceeded only by meat, fluid milk, and wheat products.

Waning potato popularity is explained in various ways. A wide selection of vegetables have invaded the dinner table in recent years; Americans like variety, and rising income has made it possible to indulge the liking. And of course, potatoes get a lot of bad publicity accusing them of adding starchy wadding to waistlines. Growers add, morosely, that no one ever talks about the potato's mineral and vitamin potency.

• **Productivity** — The potato grower's efficiency has increased as fast as the demand for his product has dwindled. Last year productivity reached the all-time record of 238 bu. per acre. That was way over double 1910's modest 95 bu. per acre. Most of the rise has occurred since the middle 1930s.

The productivity climb has been accompanied by a shrinkage of the acreage planted. From 1910 to 1935 the annual figure was around 3.5-million acres. Since it has fallen off to 2.5-million, then to 2-million. At a time when price supports offered a golden reward for potato growing, about 1.5-million acres were actually devoted to other crops.

The rise in productivity has sprung mostly from better choice of soils, close-row seeding, fertilizers, insect control, earlier digging, and cleaner cropping.

• **More, More** — The shift of the potato into the problem category first began in 1937 when potato crops started to decline. By 1942 a full-scale shortage was imminent in the midst of wartime clamor for big crops. So Secretary of Agriculture Wickard brought potatoes under the protection of the Steagall Amendment, which offered government price supports to insure increased crops. The support was 90% of parity.

The bait worked so well that the 1943 crop soared to 459-million bu., compared with 369-million bu. the year before. And from then until 1951, the

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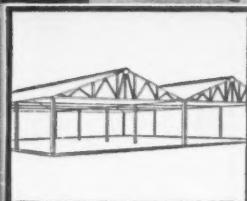


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crop dropped below 400-million bu. only twice, in 1944 and 1947. The peak was 484-million bu. in 1946.

In every one of these bumper years, the government had to buy potatoes for price support. The peak was 1948, when the Agriculture Dept. picked up 133-million bu. out of the 445-million-bu. crop. Runners-up were 108-million bu. in 1946 and 102-million bu. in 1950.

• Dumping—In all, the government bought 512-million bu.—at a total cost of \$542.5-million—over the eight years. That was a massive bite out of the taxpayers. But what really stirred up the animals was the much smaller item of dumping. In a world of postwar famine, the destruction of food on a huge scale struck hard at the imagination. All told, only about a sixth of the government purchases were dumped, but the figure reached a third in 1946 and 1950.

The 1946 dumping aroused such a wild public squawk that Congress directed the Agriculture Dept. to exhaust all other methods before letting the potatoes go to waste. Obediently, the department dumped none of 1948's 133-million-bu. surplus. But the cost for the single year rocketed to \$224-million, nearly half the cost of the whole eight years of protection.

Successive Secretaries of Agriculture demanded that there be no more price supports unless they were accompanied by acreage controls. Congress balked, but the support level went down to 60% of parity. And in 1950 Congress finally ruled: no supports without controls. However, the legislators neglected to add potatoes to the list of crops that could be controlled. So for the time being, supports were just plain ended.

The reaction was swift: the on-the-nose 1951 crop, and with it a quick price rise to profitable levels. The question is now whether the price won't spur growers to over-enthusiasm next year, with no supports in sight.

• Geography—The decision will be made in several well-defined areas where the bulk of potatoes are grown.

First, early potatoes—harvested from December to July—are centered in the southern tier of states from the Carolinas to California.

The intermediate crop is grown largely in the Middle Atlantic states, with the harvest from mid-July through August. The intermediates are not so perishable as the earlies, but are also marketed as soon as harvested. New Jersey and Virginia are the top states in a crop that totaled 24-million bu. this year.

The late crop potatoes make up the bulk of the supply, especially for storage purposes. Northern states, all the way from Maine to the Pacific Coast, get into the act.

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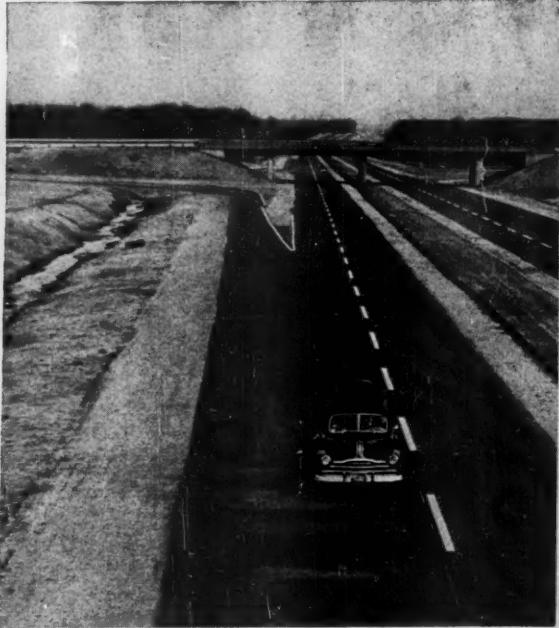
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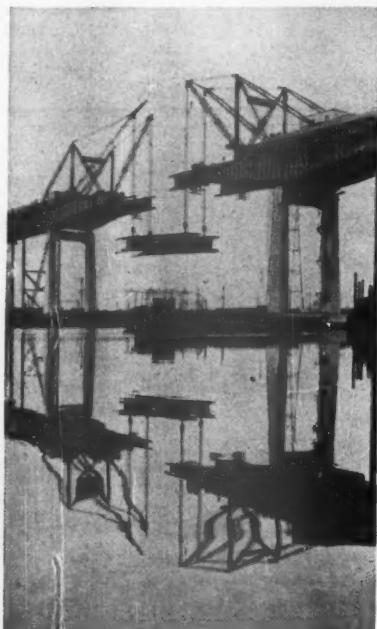
CONSTRUCTION



TOLL GATES bring in money, but not enough. These days . . .



NEW HIGHWAYS like the New Jersey Turnpike just aren't being



BRIDGES for the N. J. Turnpike went up slowly, for steel is critically short.



CONSTRUCTION was hampered by a shortage of machinery, by inflated costs, and by defense priorities. New Jersey's highway problems are typical of the entire country.



built fast enough. The result is that . . .



TRAFFIC, multiplying fast, is overflowing the roads. It gets worse each year, as . . .

Highways Run Losing Race With Traffic

If all the new automobiles built since the end of the war were lined up end to end on all the new highways built since the end of the war, there wouldn't be enough room to accommodate them.

That's an indication of the state our national highway system is getting into. But if you drive a car yourself, you don't need any indication; like everyone else, you've spent hours crawling along a so-called through highway or waiting in line to get through a tunnel or across a bridge.

Even that isn't the whole story. It's not only that we don't have enough highways; the ones we have aren't adequate. Most of our existing highways were built to accommodate smaller and slower cars—and fewer of them—and far fewer and lighter trucks. Half of our principal highways have lanes less than 10 ft. wide; 11 ft. is the absolute minimum for safety, according to the Bureau of Public Roads. In addition, most of our highways are deficient in width of shoulders and bridges and in sight distances (which means that, with present fast cars, you can't see far enough ahead for safety).

All of this spells trouble for business,

too—especially for concerns that have come to rely on the cheapness and flexibility of truck transport. Trucking has just about reached its saturation point on present highways; it may stay at its present level of efficiency for a while, but sooner or later it will have to change. And when it does, on the present prospect for road building, it will change for the worse.

• **The Reason**—This bleak situation has its roots in one simple fact: Building and maintenance of the highways just haven't kept up with the traffic.

During the war, of course, highway construction dropped to practically nothing, due to restrictions on materials and to lack of manpower. But the amazing fact is that since the war, despite vastly increased appropriations, highway work hasn't even kept up with current needs—let alone made up the wartime deficit.

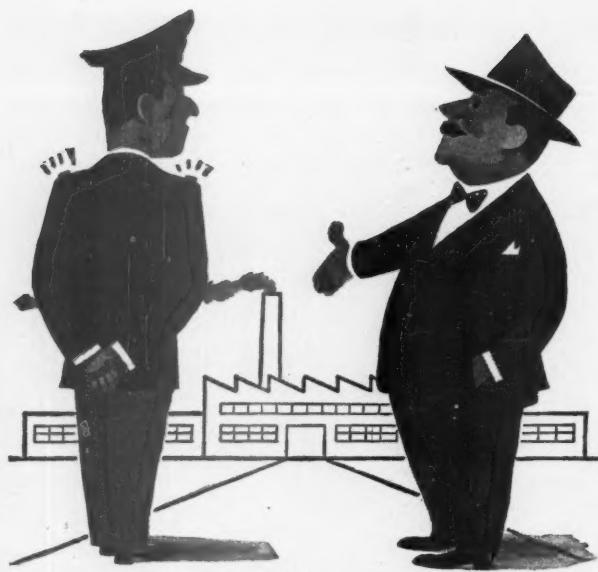
Ten years ago there were fewer than 35-million vehicles on the road; today there are over 52-million. Ten years ago, they traveled an estimated 333-billion vehicle miles; this year the figure is about 500-billion vehicle miles.

• **Not Enough**—The amount of money spent on the highways has increased

even more. In fact it has almost doubled—from a bit over \$1.1-billion in 1941 to almost \$2.2-billion this year. The trouble is that the increase has been more than wiped out by inflation: On the basis of 1941 costs, the expenditure this year will be less than \$1.1-billion.

According to Commissioner Thomas H. MacDonald of the Bureau of Public Roads, there are 345,000 miles of surfaced highways in state highway systems. Of this total, 74,000 miles, or 21%, are physically deficient. And, he adds, the deficiencies are increasing at the rate of about 5,000 to 6,000 miles a year.

• **Publicity**—The major highway-user groups and manufacturers of autos and trucks, tires, and gasoline have been getting more and more worried over the trend. They've been running full-page advertisements, with such headlines as these: "We must face the highway crisis now" (Goodyear); "America needs more and better highways for greater highway safety" (Firestone); "America needs roads to meet tomorrow's needs" (Mack Trucks). General Motors has produced a sound movie, which it is making available through its



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With today's extended delays in replacements, dollars mean less and less protection, when fire strikes. No chance of extensive cutbacks in vital production, loss of day-to-day revenue or decrease in customer good will, when your investment in materials, equipment and buildings is fully protected from the ravages of fire with efficient, quick-acting C-O-TWO Fire Protection Equipment.

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" . . . it will take \$5.7 billion a year for the next 15 years . . . "

CONSTRUCTION starts on p. 108

dealers to any private organization that's interested in showing it, titled "Let's Get Out of the Muddle." The American Trucking Associations are pushing an all-out advertising and publicity campaign to drive the facts home to the public.

The National Highway Users Conference has proposed a program called "Project: Adequate Roads." It's now being considered by NHUC members, who range all the way from the auto, tire, and gas manufacturers to truckers' and farmers' associations, and by other interested groups including contractor and road-builder organizations. This program also looks to full publicity on the problem. But, since most road programs are approved and carried out on the state and county level, it plans to do most of its work through state and local organizations.

• **Remedies**—What is needed? Still more money, for one thing. General Motors figures it will take \$5.7-billion a year for the next 15 years to get our highways into proper shape. Firestone estimates that cost at "\$4-billion to \$6-billion a year for the next 10 years."

Where is that kind of money coming from?

The answer: It probably isn't.

Almost all money for road building and maintenance comes from gasoline tax receipts. But not all gas tax money goes into the highways. Only 21 states have constitutional amendments that call for spending all motor vehicle revenues on roads. In the others, varying portions of these revenues are used for general state purposes.

The truckers and other highway-user groups have been protesting this for years. They feel that all motor vehicle revenue should be spent on roads. The slogan, "A dollar's worth of roads for a dollar's worth of taxes," is a keynote in the current advertising campaign of the American Trucking Associations.

But it's doubtful that the campaign will have any more success this time than it has in the past. Motor vehicle taxes are so closely built into the overall revenue structure of many states that it would be impossible to rip them out without tumbling the whole structure into bankruptcy.

• **No Answer**—This impasse—the critical need for more roads and the critical lack of money to build them—is the main reason for the swing to toll roads (pictures, pages 108, 109).

Their appeal lies in the fact that they pay for themselves. But that is



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Like yeast in breadmaking, scrap is essential to steelmaking. Scrap speeds up the process because scrap is already-refined steel. Every ton of scrap used replaces one ton of pig iron. Thus scrap also saves raw materials, because each ton of pig iron represents two tons of iron ore, one ton of coal and half a ton of limestone.

The continuing co-operation of every reader of this page is urgently requested to overcome a scrap shortage daily growing more critical. Turn in--by selling your scrap to regular scrap-gathering channels--any and all broken, worn-out or obsolete things made of iron and steel--machines, tools, pipe, boilers, structural parts and other "junk" you'll probably never use again.

Do your part in the campaign to help meet America's need for more steel. Enlist now for the duration. Remember that the scrap you furnish may help you get more steel.

The Youngstown Sheet and Tube Company

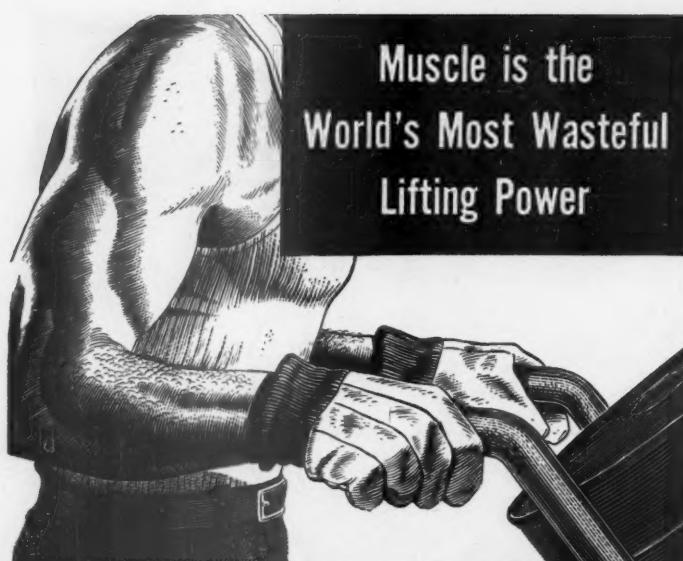
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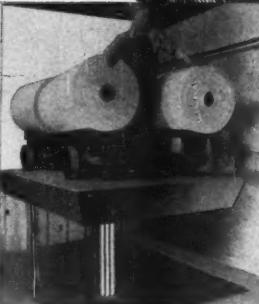




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to keep costs and accidents down**



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GLOBE OILIFTS



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LIFTS, ELEVATORS AND
AUTOMOTIVE HOISTS

GLOBE HOIST COMPANY, 1000 E. Mermaid Lane, Philadelphia 18, Pa.
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also the reason why toll roads can never be a solution to the nation's over-all highway problem. For a toll road to be successful, the traffic potential has to be high enough so that it will pay for itself. And that's not true in very many places.

• Steel—Lack of money is the major bottleneck, certainly. But there's another one: steel.

Highways can be built without steel, or with very little steel. They may not be good highways, but they'll do in a pinch. But bridges can't. Neither can grade separations. And there isn't much sense in widening a road to four or six lanes if all the bridges are still two lanes. Nor is there much sense in building a brand-new four-lane highway if you can't carry it across the rivers.

The worst thing about the steel shortage is that it delays or prevents projects just where they're needed most—it's in the areas of greatest traffic congestion that grade separations and similar structures are most prevalent. Of all construction money being spent on federal aid highways this year, 31% is going into bridges and other structures.

As of the middle of November 656 road jobs, with a total cost of nearly \$300-million, were being held up by an immediate shortage of steel—a shortage of over 154,000 tons.

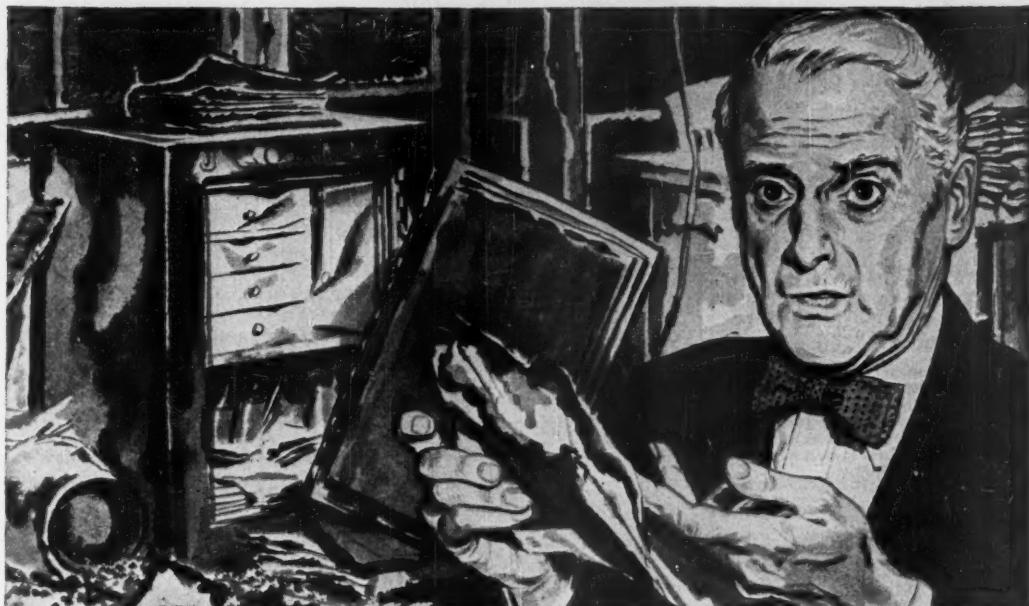
• The Statistics—Highways have been having a tough time on steel right along. Their allotments have run way below requirements, and many projects have been unable to get mill acceptance of orders and delivery of allotted steel—particularly structural shapes.

BPR, as claimant agency, submitted a request for 482,000 tons of carbon steel for the fourth quarter of 1951. This included nearly 85,000 tons that had been refused by the mills in the preceding quarter. The total included 235,000 tons of structural shapes and 37,200 tons of plates. The agency was allotted a total of 250,000 tons, including 100,000 tons of shapes and 25,000 tons of plates. These figures represent a cut of nearly 50% in total carbon steel and cuts for the two components of nearly 60% in shapes and 33% in plates.

Cuts in structural shapes and plates are even more severe for the first quarter of 1952. BPR is allotted 200,000 tons, or 55%, of total carbon steel requirements, but the allotment for shapes is cut to 50,000 tons, or only 28% of needs, and plates are reduced to 15,000 tons, or 39% of requirements.

Thus, it will be several years at least before there can be any appreciable rise in construction.

Meanwhile, the nation's highways are going to keep falling further and further behind the nation's traffic needs.



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1. "SEE THESE ASHES? They're my accounts receivable, my tax records, my inventory and payroll records—the 'memory' of my firm. I can't operate a business that has lost its 'memory.'



2. "I THOUGHT this fireproof building was a guarantee of protection. I didn't know buildings like this only wall-in and intensify a blaze that starts inside an office.



3. "AND THIS heavy-walled, old unlabeled safe fooled me, too. Such safes act as incinerators once the temperature gets above 350°F... only $\frac{1}{2}$ as hot as a match flame. They cremate records.



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COMPANIES

F-Q: A Prosperous Decade for . . .

	. . . Sales	. . . Profits
1940	\$5,987,619	\$269,504
1941	9,045,639	385,886
1942	5,069,151	50,166
1943	7,131,883	113,282
1944	5,671,674	15,497
1945	6,634,983	315,745
1946	11,642,395	905,510
1947	20,121,814	1,717,667
1948	21,593,475	1,729,542
1949	27,978,984	1,828,731
1950	33,607,050	1,982,130

Fedders-Quigan Gets a Break

Contract to make air conditioners for RCA puts small company on the map. It got job because of success since 1945—and in spite of near-disastrous management fight.

Fedders-Quigan Corp. is a company whose name is hardly as familiar as that of Radio Corp. of America. But last week it was busy filling one of the fattest manufacturing contracts that RCA has ever handed out. For in October RCA had decided to go into a new line-marketing home air-conditioning units (BW-Nov.17'51,p112). It chose Fedders-Quigan to make all three models that will bear the RCA imprint.

• **New Field**—This contract stands, in a sense, as a tribute to Fedder-Quigan's recent progress in a fairly new undertaking. F-Q has been in the highly competitive room air-conditioning business for only the past five years. RCA's move shows how much of a factor F-Q has become in the field since then. The big electronics company's faith was seconded only three weeks later by the Crosley Division of Avco Mfg. Corp., when it announced that F-Q would produce similar units for Avco to market.

Actually, Fedders-Quigan's latest bonanza reflects the moth-eaten adage that nothing succeeds like success. The company makes a wide variety of products, almost all of which relate in some way to cooling or refrigeration. Since its formation via a merger, it has been doing it well enough so that during the five years between 1945 and 1950 its

sales zoomed from \$6.6-million to \$33.6-million—about a fivefold increase.

But like all success, this, too, brought strife with it. An internal management fight last summer nearly had disastrous results.

• **Merger**—The company's material progress really stems from 1945, when the Fedders Mfg. Co. of Buffalo, N. Y., and the Frank J. Quigan Co. of Massapequa, L. I., merged. From then on the new company made tremendous strides in sales and profits—and crashed into the unit air-conditioner field with a great noise.

Nobody seems to know just why the merger brought such success. But each of the companies that formed F-Q had been successful in its own right. For many years Fedders had been a leading independent producer of automobile radiators, refrigerator parts, water coolers, and heating and cooling equipment. Quigan was—and is—the world's leading manufacturer of handbag frames.

• **The Early Days**—The name of Fedders in manufacturing goes back to 1896, when Theodore C. Fedders founded it in Buffalo. At first it produced only milk cans, kerosene tanks for Standard Oil, and bread pans for National Biscuit Co.

Shortly after the turn of the century, the advent of the automobile led Fed-

ders to make a big switch. Buffalo became the home of Pierce-Arrow and the Thomas Flyer. Old Theodore Fedders could see that the automobile had a great future. Without hesitating, he converted his entire plant to make radiators for Pierce and Thomas. (The company still proudly points out that the Thomas Flyer that won the round-the-world race in 1908 was equipped with a Fedders radiator.)

• **Diversification Starts**—In 1928 the company began to diversify. First it started to make parts for refrigerators. In 1932 it began manufacturing electric water coolers for Cordley & Hayes. And before long Fedders had got into making convector radiators, unit heaters and unit coolers, and car heater cores and railroad car heaters.

Almost everything the company touched seemed to turn to gold. In 1936 the company made a tieup with Westinghouse under which the latter distributed Fedders refrigerator coils and accessories.

Now F-Q is a solid factor in the field, making condensers, evaporators, and unit coolers that are used in many kinds of household, commercial, and frozen-food refrigerators. On top of that, its water-cooler production is among the largest in the U.S.

• **Trouble**—But even on the production front Fedders' experiences didn't all turn out to be sweetness and light. By 1939 the demand for its many products—particularly auto radiators—led Fedders to build a \$200,000 plant at Owosso, Mich., so it would be able to produce radiators closer to the automobile plants.

Then came the war—and with it the end of automobile production. The company couldn't get war contracts for its Owosso plant, so it sold the new factory in February of 1942.

• **War Contracts**—The story in Buffalo was different. In 1940 Fedders got a big order from the British to turn out machine-gun belt links, which it poured out at the rate of 65,000 a day. A year later Fedders had a \$2-million order from the United States military for machine-gun links and \$600,000 worth of Garand bullet clips. Another \$2.3-million order for machine-gun clips came in later.

This was fine while it lasted. But the war bubble burst for Fedders sooner than it did for most companies. So early in 1945 the Fedders family decided to get out.

The Fedders then began negotiations with Frank J. Quigan, board chairman of the company that bears his name in Maspeth. Quigan bought enough shares of stock to get 51% and control of the company. Quigan became chairman of the board of the new company, and Salvatore Giordano, president of Quigan, also became presi-

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"...the trouble started when Quigan began buying huge blocs of stock..."

COMPANIES starts on p. 114

dent of Fedders. The Fedders family was out of the picture.

• **Air Conditioning**—Right away Fedders-Quigan began to move. In August of 1945 it announced a \$500,000 expansion of the Buffalo plant, two years later went into the manufacture of unit air conditioners. Its first big order in this field was for \$750,000—from the D. W. May Co. of New York. Two years later F-Q also began to market under the name of Fedders the water coolers it had been making for Cordley & Hayes.

• **Tougher Trouble**—Early last summer, when F-Q was prospering the way most companies dream of doing, real trouble of a different kind broke out. It was a financial fight between Quigan and Giordano, which some said threatened the company's very existence. According to the story, the trouble started when Quigan began buying huge blocs of stock, thereby driving up the price on the market. But he had to borrow money to do it.

When the stock began to fall from its inflated position, Quigan found himself in trouble. From a high of around 29, it fell to 13, and Quigan couldn't raise the needed margin to cover. In a report filed last month with the New York Stock Exchange, Quigan revealed that he had sold 239,000 shares in June and July. More than half of it, he said "had been liquidated by the banks."

• **Resignation**—The first upshot of this venture was that Quigan resigned as board chairman and director of the company last July.

The reason given was "health," and it was stated that there had been no dissension in the F-Q hierarchy.

But in November Quigan went to court to try to get vacated two judgments totaling approximately \$500,000, which Giordano held against him. Quigan claimed he consented to the judgments to help Giordano on an income tax matter. When the matter was cleared up, Giordano was supposed to return them.

Quigan contended that instead Giordano violated the agreement and thereafter manipulated the stock prices to drop so that he would be able to get the business.

• **Business Stays Good**—In any case, the furor seems not to have affected the company badly. It has been doing as big a business as ever since. And on top of that, it now has that solid contract with RCA.



Where is He Safer... Here or Off the Job?

Where does a steelworker stand less chance of being hurt — while he's at work in the steel plant, or during his own time, when he's away from the job?

The answer is not what you might expect. For the fact is that, thanks to safety training and the safeguards that surround his job today, the steel plant employee has less reason for concern about being hurt while he's at work than during his off-hours — when he's driving, walking along the street, or doing odd jobs around the house.

Take this company's plant at Bethlehem, Pa., which now has again won first place among the country's large

10 FIRST AWARDS IN 11 YEARS

This is the sixth time within the past eleven years that our plant at Bethlehem, Pa., has won first place in the National Safety Council contest. During this same period our Johnstown, Pa., plant has won four first places. That is, in ten out of the past eleven years, one or the other of these two Bethlehem Steel plants has won first place in safety among the large steel plants of the country.

steel plants in the annual safety contest held by the National Safety Council. A comparative study shows that, during the twelve months of the contest period, the employees of this

plant had over seven times as many accidents while off duty as they had while at work.

Many years of educating employees in how to do their jobs the safe way, together with steady advances in safety devices and equipment, have brought about near-miracles in making steel plants safe places to work in — safer by far than the world around them.

BETHLEHEM
**STEEL**

AVIATION

Used Planes . . .

. . . are selling at terrific premiums these days. Airlines grab for them to avoid the long wait for new ones.

If there's a ceiling on today's prices for used airplanes and airplane parts, it must be several levels up in the stratosphere. Even so, the airlines are dogfighting for planes and equipment.

• **Up and Up**—Take a four-engine DC-4 transport. Two years ago you could buy one for \$120,000. That was considered a bit expensive compared with postwar surplus prices. Half a year later, however, the price eased up to \$200,000. Another six months and another \$100,000 was tacked on. This was six months after Korea. Last March the bidding really got interesting, with an average sale price of around \$450,000. Four months later an airline got \$550,000 for a DC-4 on a trade deal. Today the price is between \$600,000 and \$700,000.

Just a week ago a large scheduled passenger carrier offered \$600,000 for a DC-4 and the bid was rejected. Another carrier was quoted a price of \$700,000 for a DC-4. "Fantastic," said the company's president to his purchasing agent, but he quickly added, "Don't lose him; keep the deal on the hook if you can."

• **Can Afford It**—When you consider that a brand-new, larger, faster DC-6B costs somewhere around \$1-million, you begin to get an idea of the scramble for airplanes and equipment.

The reason, of course, is that airlines, both scheduled and nonscheduled, have had record passenger business—higher than they dreamed of or planned for equipmentwise. They need more equipment now. And at today's high load factors, they can afford to pay for it. Of course there's a lot of new equipment on the production lines. But deliveries aren't fast enough for operators who want to cash in on today's market.

• **Mixed Emotions**—The two large four-engine plane builders, Lockheed Aircraft Corp. and Douglas Aircraft Co., are viewing this scramble with mixed emotions. After the war both companies were forced to eat huge development costs on their postwar planes because the commercial passenger market failed to develop as fast as all the experts predicted it would. Now the companies can't supply planes fast enough. At the same time they are choked with military orders that conceivably could



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"...you have to spend another \$25,000 to get them in shape . . ."

USED PLANES starts on p. 118

play hob with their commercial production any time Washington says the word. And the latest 10% cut in aluminum allotments to the plane builders doesn't help.

• **Fancy Tags**—Four-engine planes bring the highest prices. But other used ships and equipment are going for fancy prices, too. Take the Curtiss C-46, a two-engine ship used almost exclusively by nonscheduled carriers and the freight carriers. After the war this plane sold surplus for \$5,000. Now they cost \$50,000, and you have to spend another \$25,000 or so to get them in shape.

Even the venerable old DC-3, a 15-year-old work horse, has a Cartier price tag. For one in good condition you pay \$100,000. You can get a more beat-up model for \$75,000. And that is more than the original price tag.

• **No Ceiling**—Very probably the price of a DC-3 will go higher. The Civil Aeronautics Board would extend the operating life of the DC-3 indefinitely under a proposed regulation now being circulated for comment. CAB previously had set Dec. 31, 1953, as the tentative deadline beyond which DC-3s no longer would be considered suitable for scheduled passenger carrying operations.

Engines, too, have skyrocketed in cost. A typical engine could be purchased for \$2,500 a couple of years ago. Its price has more than doubled now, and you can't get spare parts for it. So the next best thing is to buy a conversion kit that will make a postwar engine out of it. That will cost you about \$13,000, not counting the labor you will spend to convert it.

By comparison, a new engine of about the same horsepower costs \$26,000. But can you get a new engine? Not on your life. A couple of big airlines snapped up the last ones on the market until the engine makers catch up.

The scramble for planes is so hot that airline companies with early delivery dates on new DC-6s and Constellations now on production lines get premium offers as high as \$150,000 to give up their planes.

One deal is said to have been proposed on these lines: Company A has a DC-6 promised for January, 1952, delivery. Company B, which got its order in later, won't get delivery of its DC-6 until sometime in 1953. So Company B offers to trade places in line with Company A and give it \$100,000 to boot.



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It is not a crisis in manpower. Shortages of workers with special skills hamper production, but these shortages are being relieved, slowly.

It is not a crisis in manufacturing capacity. American industry's record-breaking expansion is, with very few exceptions, keeping abreast of defense needs.

The coming crisis will be one of finance. It will rise from our failure to provide the means to PAY FOR the defense program we now have under way.

A \$15 Billion Deficit?

Congress has approved a defense program which is scheduled to raise total federal spending in the year from June, 1952, to June, 1953, to somewhere between \$85 and \$90 billion. Additional appropriations for more air power and atomic development, which are now proposed, would add several billion dollars.

But Congress has not approved a tax plan to match such spending. With the new levies

enacted in this session, tax collections during the 1952-53 fiscal year are estimated to fall somewhere between \$70 and \$75 billion. That would be roughly \$15 billion short of balancing the budget. If the defense program is expanded, the deficit will be that much greater.

We have not yet felt the impact of the crisis that would accompany a federal deficit of this magnitude. Federal tax collections currently are big enough to balance federal expenditures. But the defense program is scheduled to boost the annual rate of federal expenditures \$25 billion in the next year.

To Meet the Crisis

By January the crisis will be clearly in sight.

Then the President will present his budget. After that, Congress must act to close the broad gap between government income and government spending. If it fails to do that, the whole defense program will be menaced by weakness in its financial foundations. That weakness might well take the form of another destructive wave of inflation.

We have three ways to meet this crisis.

The best approach, of course, is to cut unessential expenditures. That can make a real dent in the deficit. The second is to collect more

taxes. The third, and by all odds the most dangerous, is to have the federal government meet its deficit by going deeper into debt. Borrowing, which might feed inflation, can easily lead to disaster.

Near Income Tax Limits

It will not be possible to raise taxes to meet the deficit merely by increasing further the rates on corporations and on persons in the upper income brackets. Congress has about scraped the bottom of that barrel.

The Senate Finance Committee said as much in reporting this year's tax bill. The Committee reported that it had "serious doubts as to the feasibility of raising any substantial additional amounts of revenue from income tax sources." The Committee observed that recent tax legislation brings the burdens of most corporate and individual income taxpayers close to the World War II peaks, and actually carries the rates paid by many taxpayers above those peaks.

Our ramshackle federal tax system must be thoroughly overhauled in order to broaden the tax base if it is to produce more revenue—without doing much more harm than good.

The shocking fact is that no one seems ready to act along any line that might enable us to surmount the crisis.

That fact of itself aggravates the coming crisis. And next year's presidential election doesn't make it any easier to move effectively. Both parties will shrink even more than normally from backing any program that might irritate any considerable number of voters.

If we are to meet this crisis on the tax front in an orderly way, the technical work should

be in progress right now. To a large extent it is being ignored.

If we are to enforce the vitally essential program of government economy, there is the same urgent need to get under way the spade work that is required.

And if—as a last miserable expedient—we decide to let the federal government drift deeper into debt, it must have a well-developed program of borrowing from individuals and other investors, such as insurance companies, rather than from the commercial banks. Borrowing from commercial banks might speedily translate the deficit into more and more price inflation. No adequate program of borrowing from savings is now in sight.

Now Is the Time

It is possible, of course, that international relations may improve sufficiently to make it safe for us to slow down the rearmament program. If that should happen, the fiscal crisis would not be so critical. But that kind of good fortune has been notably absent in recent years.

Lenin, patron saint of Communism, is quoted to the effect that to destroy a political and social system such as ours "you must debauch its money."

We shall set democracy to digging its own grave if, through our preoccupation with politics during the presidential campaign, we pave the way for further debauchery of our money.

If we really want to avert that disaster, now is the time for us to get going.

Once the crisis is full upon us, it will be too late.

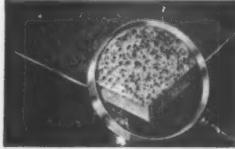
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PRODUCTION

Engineers Try Own Shops

- With talent scarce, many are drifting away from salaried jobs in industry.
- They find they can make more money by setting up their own firms and selling services on a subcontract basis.
- Some run "job shops" where they take an idea and develop it into a completed project.
- Others work as "flesh peddlers," renting out their men at high rates to fill the gaps in manufacturing.

Engineering is enjoying a kind of professional inflation these days. Technical knowhow has become scarce and costly during the past 10 years of high-level civilian and military production.

More and more engineers are taking advantage of the situation to get off a salaried basis. They are shifting to work on contract arrangements where it is easier to make pay reflect the scarcity of skill. New engineering firms are nailing up their shingles, offering to subcontract any kind of a job—from drawing a blueprint to designing a product and the equipment that makes it.

• **Main Market**—The small subcontractors have sprung up in all the areas like Detroit and the West Coast where there is a need for engineering services. They aren't serious competition for the big consulting engineers who went into business long before the war. These established outfits have cornered the market in heavy-equipment engineering, and in plant design for steel, chemicals, and petroleum. What the subcontractors get is mostly overflow from the prime contractors in aviation, automobiles, and electronics. But their share will be steady and profitable as long as national production stays high.

• **Overworked**—For prime contractors engineering subcontracting is a way out of an awkward problem. Their own engineering staffs are overloaded with military and civilian work. They are reluctant to increase their permanent staffs for fear of a later cutback; and so they pass on the extra work to subcontractors.

One maker of hard goods found its engineering staff swamped with a combination of civilian and military work. Not wanting to jettison the civilian business, the company farmed out its design work for consumer goods.

Sometimes the situation puts a big contractor up a blind alley. After the

war one aircraft manufacturer had a hunch that the industry was in for a prolonged slump. So when he snagged some extra orders, he signed up with several subcontractors; it seemed simpler to use outside engineering help for six to nine weeks than to add more engineers to the payroll. The hunch backfired. Korea showed that increased engineering needs had come to stay. But the company had failed to expand its own staff when engineers were plentiful.

• **How Much?**—It's impossible to pin down the dollar volume of today's engineering subcontracting. And in any case, the figure wouldn't give a clear-cut picture of the business. The bulk of the work comes from the prime contractors; some comes directly from the government; the rest filters through from the manufacturing subcontractors. Developmental jobs are frequently duplicated by several subcontractors.

Charles E. Zimmerman, president of Consultants & Designers, Inc., New York City, breaks down the work of his company this way: electronics, about 30%; aviation and tool-and-die design 25% each; the remainder is in refining, power generation, and pressure vessels. The ratios vary from week to week, but hold true within 5%. Zimmerman tries to balance the work evenly between civilian and defense contracts.

• **Blueprints**—The amount of work that a company subcontracts is a matter of individual policy. Many give their blueprint work—the detailing and layout of a product design—to an outside engineer because it is a routine chore anyway. On the other hand, some manufacturers seek a fresh point of view by tossing a design problem into the lap of a subcontractor. Then the manufacturer handles the production engineering himself.

McDonnell Aircraft Corp. likes to keep design and production together. It

has designs for parts made by companies that will also produce them under a subcontract.

At Chevrolet, outside engineering is a standard, full-time procedure. The company's gear and axle plant buys all its tool-and-die engineering from some 24 outside sources. That way, Chevrolet says, many of its machines arrive at the plant tooled up and ready for production.

• **Minority View**—The idea of outside engineering falls flat with a small minority of prime producers. Douglas Aircraft Co., unusual in its industry, says that it will have no dealings with subcontractors. It prefers to keep its engineering at home.

An executive of a large appliance manufacturer lists two objections to dealing with independent engineers: "First, there is always the possibility of confidential information leaking out to competitors, once it is outside our organization. Second, there's the possibility of losing our own men to these engineering firms."

Even with the diehards, though, the rules are flexible. One will resort to the outside when faced with special problems such as color engineering or a fancy design for a consumer product.

• **"Job Shops"**—There are two breeds of engineering subcontractors. The more thorough of the two runs what is called a "job shop." The shop takes over your idea or rough design for a component part and returns a completed engineering package that can be turned over to your production staff. The shop may specialize in certain fields: hydraulics, electronics, thermodynamics, or aeronautics.

• **"Flesh Peddling"**—The other outside supplier is the engineering service company, known to the trade as a "flesh peddler." It sells the services of engineers, does little work in its own offices. If you need 500 hours of extra engineering for a job, the service company will send you enough manpower to handle it. Its personnel work side-by-side with your engineers.

To coordinate with the subcontractor, most manufacturers use liaison men, engineers skilled in trouble shooting and administration. One machine tool maker in the Midwest brings the subcontractor's engineers into its own technical department where the outsiders can bone up on its methods and materials. While they are working on a project, an assistant chief engineer of the manufacturer makes periodic progress checks.

• **Localized**—So far, engineering subcontracting of both sorts has been pretty much on a local basis.

In Detroit there are from 150 to 170 engineering companies now working on subcontracts. About 40 of these have set up in business since Korea. Another



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"... The 'raw deal' is a leftover from World War II that many big manufacturers can't forget..."

ENGINEERS TO LET starts on p. 124

big crop has mushroomed around the aircraft centers of southern California.

Inflation is the stimulant that put most of today's subcontractors into business. In the last war engineers found that, backed up by experience with an employer, they could break away and organize new firms with a certainty of success. The engineer usually brought along with him some business from his old employer.

• **Wage Angle**—Money was then the big incentive to subcontracting. It was a sure-fire gimmick to get around the wage freeze. For an employer, an engineer had to work at a pegged salary. As a subcontractor he could get much more money for the same job.

Today there are some less opportunistic reasons for subcontracting. William Walsh, of Walsh, Inc., specialists in machine design and power transmissions, was the head of engineering research for a large gear maker 10 years ago. "We had seven firms working for us on engineering projects," he says. "And when I saw the raw deal we were getting, I decided there was a place in Chicago for at least one good company in this line."

The "raw deal" is a leftover from World War II that many big manufacturers can't forget. The flesh peddlers lured engineers away with higher salaries and lush expense accounts, then made their clients pay more for nearly the same services. Sometimes the work was below big-company standards. The manufacturers are still leery about the service companies. But they voice no objections to the job shops.

• **Optimism**—Popular or not, the subcontractors are optimistic about the future. They realize they are riding the crest of a wave. When it peters out, some see their salvation in diversification. Frank Mayer Engineering Co., Los Angeles, which now works in aviation, will spread out in hydraulics, plant layout, and telephone engineering. It expects a big business from the raft of small independent telephone companies in the West.

To meet the peacetime competition the subcontractor has another out. He can set up a subsidiary manufacturing firm, one that can make products in line with his engineering specialty. V&M Tool Co., Perkasie, Pa., has been doing subcontract engineering on machine tools and electric instruments. Recently, it went into instrument making, forming Electrical Machine Instrument Co.



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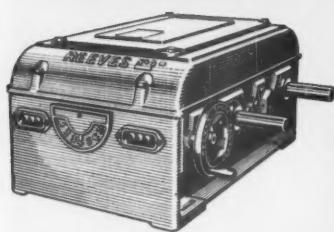


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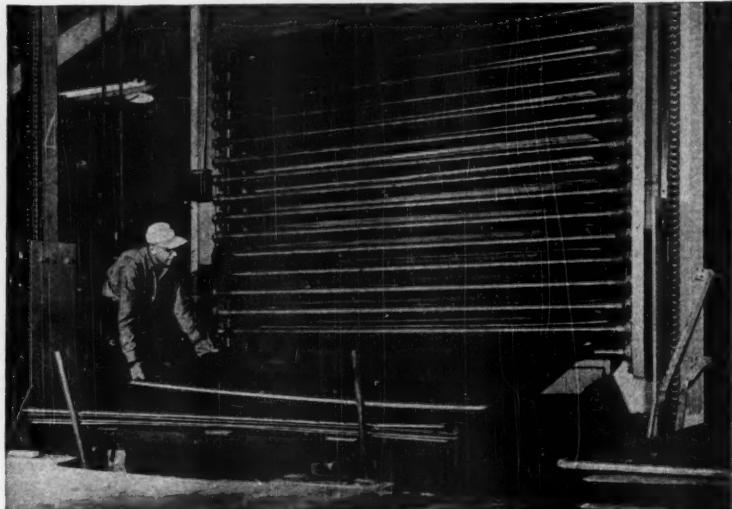
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REEVES Variable Speed Drives

1 "Meat" of the Plyron sandwich is the plywood. Veneer for it is unwound in a continuous sheet as the log rotates against the cutting edge of a plywood lathe.



3 Heat and pressure in a hot press weld the panels together to form a permanent bond.
The last step is to trim the panel to a 4-ft. x 8-ft. size.

Plywood Sandwich Extends

The Douglas Fir Plywood Assn. of Tacoma, Wash., re-jigged an old idea and came up with a wooden sandwich that may revolutionize the plywood industry.

Called Plyron, the new board combines plywood and hardboard, which is one of plywood's biggest competitors. Standard plywood consists of three to five layers of softwood veneers cemented together with the grain of each sheet at right angles to that of its

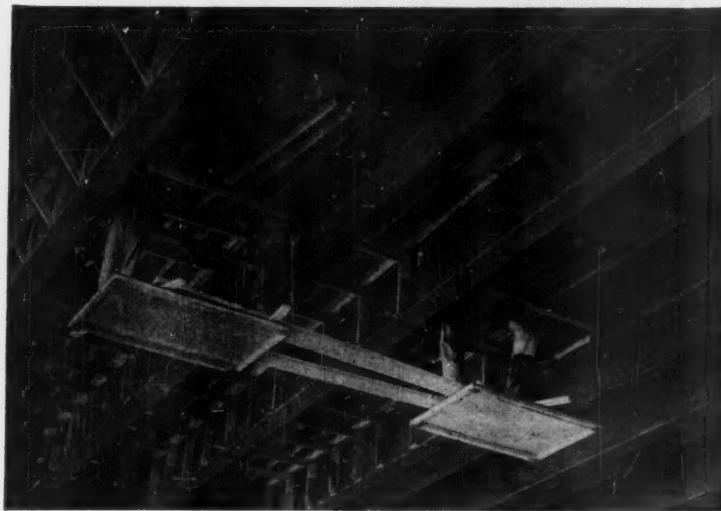
neighbor. Plyron uses a core of three-ply plywood sandwiched between hardboard surfaces.

Hardboard is made from wood chips that have been steamed at high temperatures and then pressed together into a board form. The Masonite Corp., which has its own process for making it, calls this product Masonite.

Strength Plus—Combined in one panel, the plywood and hardboard give properties that neither has alone. Ply-



2 Waterproof glues are applied by rollers to the surfaces of the three-ply plywood core and the hardboard. The surfaces are then placed together.



4 Concrete comes out extra smooth when poured in Plyron forms for an overpass on the New Jersey Turnpike. On a hotel job, the same forms were used 11 times.

Dwindling Timber Supplies

wood supplies the strength; hardboard furnishes a surface that's easy to finish and to paint.

The product was the child of necessity. The plywood industry was threatened with the loss of large softwood virgin timber stands; it had to find a replacement or trim its sails considerably. Plywood men think that Plyron will ease the growing shortage of high-grade Douglas fir logs used in the production of plywood. With the new

process, they can produce plywood cores from lower-grade—and lower-priced—logs.

- **New Markets**—Right now the industry knows that the new material will fit in where both plywood and hardboard have been used—cabinets, table tops, and floorings. Its biggest use to date has been in construction, where it's used to make the forms into which concrete is poured.

But firms making the stuff say its



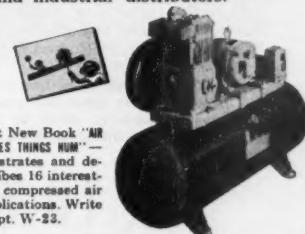
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The Man of Decisions ... the President

The president tries to be a paragon of all virtues, and must share his time among diverse interests, dividing it as judiciously as possible to serve his company's best interests. Part of his time will be spent on human relations—relations with employees, members of his staff and stockholders; another part to operating problems and corporate matters, and at least twenty-five percent will be devoted to long-range planning—a duty he probably considers one of the most important.

Some time should be spent by the president on self-improvement—that is, study and contact with other businessmen; for, in addition to keeping his finger on the pulse of his organization, he must also maintain contacts with related industries and the industry as a whole. Likewise, he will want to keep in touch with Washington agencies and to serve on various government committees.

Throughout the day he is busy making many top-level decisions, delegating authority and responsibility where possible, in order to free himself from time-consuming details.

A good president will foster suggestions from subordinates and encourage mutual respect for each other's ideas and thoughts; he will stimulate constructive thinking and planning; he will incite loyalty and create an atmosphere that will insure among his executives the freedom to exercise initiative.

And, of course, in the final analysis, he strives to conduct the affairs of his company in such a manner as to satisfy his board of directors and stockholders that his company is financially secure and is showing progress in earnings.

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(This is the final advertisement of our series depicting "The Man of Decisions." The series has aroused much interest and brought many favorable comments, which we were happy to receive. We hope that wherever you contemplate using tubing you will decide on Wolverine.)



There IS a difference in Tubing

biggest potential hasn't even been tapped.

In houses: Although it's still pie in the sky, exterior house siding might be a market for the stuff. Big selling point there is the fact that it takes paint well. And once it has been proved for exterior use, it will appear in siding and various shapes from clapboard on up. Other housing construction possibilities include subflooring or underlay flooring that has to be perfectly smooth for wall-to-wall carpeting, tile, or linoleum.

Tacoma Fixture Co. experimented with Plyron in cabinet doors, found it gets around the warping and cupping that you get with thin plywood. It's about as good as premier door stock, which costs more.

In factories: Industrial seers visualized shelving, chutes, bins, laboratory table tops, and assembly tables.

In vehicles: It could line railroad cars and form the floor of buses and trucks.

• **Effects on Industry**—If the market for Plyron develops as anticipated, it could soften the price of top-grade logs and even timber. That would take some of the pressure off new plywood mills that set up shop without timber holdings to back up production.

Manufacturers expect Plyron production to hit 10-million sq. ft. in 1952. Douglas fir plywood production right now is running at about the rate of 2.7-billion sq. ft. annually, so actually Plyron is still only a drop in the bucket. But as new markets spring up, it will give plywood a bigger run for its money.

Right now, Plyron prices are pegged about 20% higher than plywood panel for concrete forms. Plastic-surfaced plywood, a specialty product that doesn't lend itself to mass production as does Plyron, costs about 30% more. The new board is about 25% heavier than plywood, so railroad rates are somewhat higher. But the industry is trying to sell the railroads on handling Plyron at the plywood rate.

• **Who Makes It**—Masonite Corp. supplies most of the hardboard now used in Plyron. Its big plant in Ukiah, Calif., produces hardboard from whole logs. Several new hardboard mills in the Northwest also produce panels that can be used, and additional hardboard capacity is being set up there.

Firms now producing Plyron include Aberdeen Plywood Corp., Aberdeen, Wash.; Associated Plywood Mills, Inc., Eugene, Ore.; Crescent Plywood Co., Crescent City, Calif.; Hardell Plywood Co., Olympia, Wash.; Industrial Plywood Corp., San Francisco; Kalpine Plywood Co., Klamath Falls, Ore.; Multnomah Plywood Corp., Portland, Ore.; St. Paul & Tacoma Lumber Co., Tacoma, Wash.; Simpson Logging Co., Seattle; and Western Veneer Co., Eugene, Ore.



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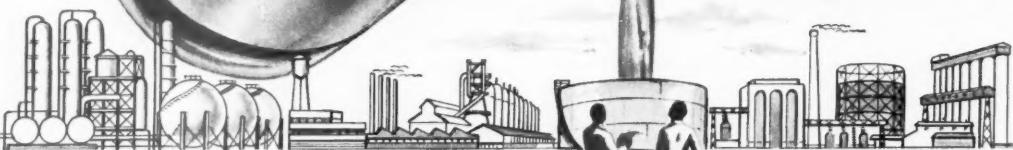
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A computer for the laundry industry . . .

Tallies the Wash

Adding machine adds up variety of items in laundry bundle, turns out an invoice at the touch of a key.

For many a business, the average office machine is just too versatile. A machine designed for many jobs in several types of business isn't too much help to an industry that might have a peculiar kind of paper work.

Tally Register Corp. of Seattle has tailor-made an accounting machine for the laundry industry. With this machine, laundry checkers can stop counting on their fingers and let the dial tally the pieces in a customer's wash.

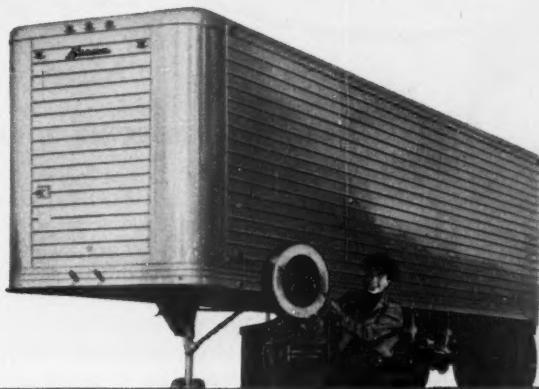
The product, called Tally Register, is actually a combination of 66 adding machines. It has one key for each item on a laundry list. The operator doesn't sort the laundry batch, just punches a key for each item as it turns up.

After the lot has been tallied, a press of the totalizing key prints two copies of a complete invoice, one for the laundry and one for the customer. The invoice shows the name of each item, its quantity and price, and the total price of all items.

Tally Register Corp., a new company, feels it has come into the field with a fresh approach. It works on the premise that most offices are 10 years behind their plants in adopting time-saving methods. Philip E. Renshaw, the president, says Tally Register has "the machine tool approach to business machines." Its product is a special kind of device, but can handle a number of different jobs within limits. Tally Register can work wherever there's a need for a random tally of a controlled number of items at predetermined unit prices.

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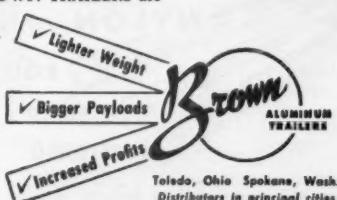
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Pioneer Producers of Nylon Rod and Strip

PRODUCTION BRIEFS

Monopoly threat: More companies should show active interest in atomic energy to uncover the assets and liabilities of the business, says T. Keith Glennan, Atomic Energy Commissioner. At the annual meeting of the American Society of Mechanical Engineers, he warned that the present government monopoly may be "the first step in the extension of governmental control over our basic industries."

Uniform patent policies are being worked out for the three military services by the new Patent Policy Review Board of the Defense Dept. Right now the board is collecting suggestions from corporations, associations, and individuals on patent problems involving national defense.

A Utopia in paper making is the way Brown Co., Berlin, N. H., describes its pulp pilot plant. It can process pulp experimentally or commercially from the raw material to the finished product stages.

First batch of lathes especially designed for making jet-engine parts (BW—Aug. 11 '51, p55) has been finished by Vermont Marble Co., a subcontractor for Lodge & Shipley Co. The machine tools were developed by the experimental department of Pratt & Whitney Aircraft Corp.

New crash trucks for the Air Force can withstand hot airplane fires, are fast, and will operate in the tropics or the Arctic. Among them are two types of water foam trucks—to be built by American-LaFrance Foamite Corp. and Marmon-Herrington Corp.—and a carbon dioxide truck on which bids have been asked.

The benzene pinch, felt in production of synthetic rubber and polystyrene plastics, is due to be eased by an expansion just started by the Roosevelt Oil and Refining Corp., Mt. Pleasant, Mich. New facilities will have an annual production capacity of 3-million gal. of benzene and 3.25-million gal. of toluene.

Safer autos through radar and electronic equipment are envisioned by Benson Ford, general manager of the Lincoln-Mercury Division, Ford Motor Co. The radar device: a control to automatically dim an approaching car's high beams if the driver forgets. The electronic unit: a gadget that automatically applies the brakes when collision is imminent.



New electric generating plant erected by Mississippi Power Company near Meridian—served by United Gas.

...where Natural Gas means More Power

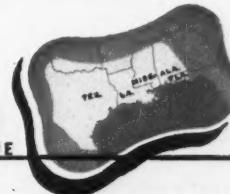
Natural gas is the fuel used in the generation of practically every kilowatt of electric power produced in the Gulf South. The combination of adequate power and great, dependable supplies of fuel is a major reason for the location in this area of more

than one-sixth of all new industrial construction since World War II.*

Investigate the advantages of a plant location in the area served by United Gas...and if fuel is a problem in your operations, consult our Industrial Development Director, P. O. Box 1407, Shreveport, La.

*Industrial contracts awarded, 1946 through August, 1951, as tabulated by Engineering News-Record.

UNITED GAS
SERVING THE



Gulf South



Look into this mirror for faster production

A brushing method used by a mirror manufacturer . . . or one similar to this . . . may help you improve product quality and cut rejects.

To provide a binder for the silvering compound, a base coat was formerly applied to the glass by hand. But uneven coating caused blemishes in the silver after drying. With the help of the Osborn Brushing Analyst, a power brushing method with specially-engineered Osborn Heli-Master_® Brushes was developed (1) to clean the glass thoroughly with water and (2) to brush on the base coat in a perfectly uniform film. Results: Blemishes in silvering practically eliminated. Mirror production has been stepped up and rejects cut to the bone.

Look into the possibilities of power brushing for the improving of *your* manufacturing . . . whether it involves glass, metal, rubber, plastics or textiles. To get the help of an OBA, call or write *The Osborn Manufacturing Company, Dept. 575, 5401 Hamilton Avenue, Cleveland 14, Ohio.*



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NEW PRODUCTS



UNTREATED GLASS (center) bursts; treated panes (left, right) stay intact, and . . .

Glass Won't Shatter

You don't have to replace windows with nonshattering glass to insure against flying splinters. Shatterbond Glass Protection, Inc., offers a simple method that will keep breaking glass from shattering.

Shatterbond is a colorless plastic liquid that you brush or spray on ordinary glass. The resulting film is nonyellowing and is washable just like ordinary glass. But, when you hit the glass with a hammer, even though it breaks, it won't spray around the room in tiny splinters. Instead it remains intact.

The plastic coating has a tensile strength of 3,000-5,000 lb. per sq. in., and it is unaffected by heat up to 212F. A gallon should cover 500 sq. ft. of glass.

- Source: Shatterbond Glass Protection, Inc., P. O. Box 1483, Grand Central Station, N. Y. C.

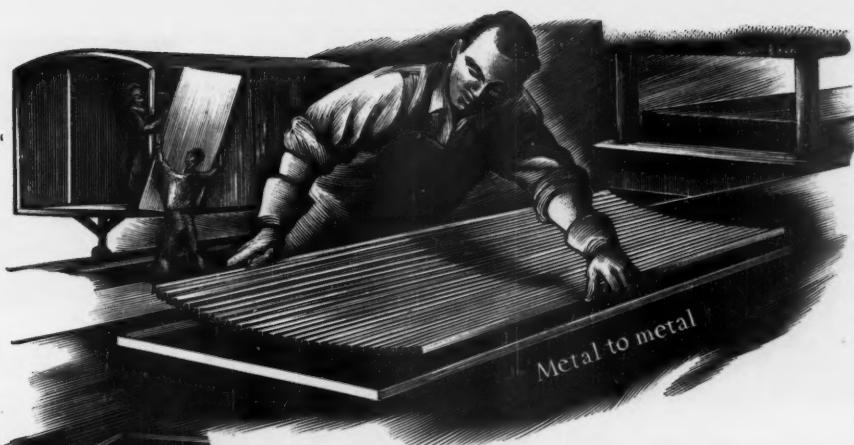
- Price: \$8.50 a gal. for industrial use.

Tape for Addressograph

Office procedures can be speeded up with an automatic graphotype machine. It'll cut the time and expense spent preparing and handling Addressograph plates.

By using either a Teletype Tape Perforator or a Flexowriter, a typist can write about 225 plates an hour on tape. Then she runs the tape through the graphotype machine. While the old manually operated graphotype runs off 70-100 plates an hour, this machine automatically produces 150 plates an hour. And one person can operate up to 10 automatic machines.

With this setup you can even make the tape in your outlying offices, send it



Adhesives fasten metal to almost anything

Metal can be joined to itself or to almost anything else with modern adhesives. In many cases, the resulting joint will be stronger than one made with bolts, rivets, or screws. This is true especially when one part is non-metallic. Also, adhesives often help product designers solve functional or space problems. For example, the automatic transmission in today's car owes its compact design to adhesives.

"Metal" adhesives may be thermoplastic or thermosetting; they may be formulated for fast or extra-fast dielectric curing; they may be in either liquid or dry tape form. In each of these classifications, Armstrong has developed outstanding adhesives. Behind each one is a wide background of application experience.

If your product uses metal parts, it may pay you to call your Armstrong representative or write the Armstrong Cork Company, Industrial Adhesives Dept., 5112 Reservoir Street, Lancaster, Pennsylvania. In Canada, write to Armstrong Cork Canada Ltd., Montreal, Quebec.

ARMSTRONG'S ADHESIVES

Made by the makers of Armstrong's Linoleum

Metal to
abrasive wheels





planting trees with tractors to make fibres for industry



With this MOSINEE Tree Planter, 1500 or more seedlings can be planted per hour! It completes the planting operation . . . even tamps the seedlings into the ground.

This is the beginning of a 30 to 40-year cycle during which seedlings grow to matured trees, ready for harvesting. They then will provide the kind of fibres needed for many products of industry.

From seedlings to technically controlled industrial paper, MOSINEE safeguards every step in the process of making MOSINEE fibres that work for industry

MOSINEE PAPER MILLS CO.
MOSINEE, WISCONSIN



MOSINEE
makes fibres work
for industry

back to a central office to make the plates.

- Source: Addressograph - Multigraph Corp., Cleveland, Ohio.
- Price: \$5,000-\$6,000.



New Wheel for a Skate

Vernon Fowlkes cuts a fancy figure above with a new roller skate wheel he designed to take the noise and slip out of roller skating.

Developed with the help of the U.S. Rubber Co., the wheel is a blend of synthetic rubber and plastic. The composition, called Enrap, produces only a quiet hum, grips the floor more securely, reduces slipping.

Fowlkes, head of Fo-Mac Enterprises and a former professional skating instructor, says the wheel will wear 50% longer than wood. Best of all, it wears down evenly without developing flat spots.

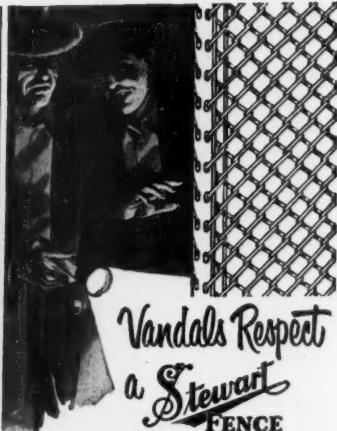
- Source: Fo-Mac Enterprises, Inc., 114 W. Archer St., Tulsa, Okla.
- Price: \$8.95 for a set of 8 wheels.

For Easier Die Casting

One big problem in making die castings is to inject the molten metal into the casting fast enough. If the metal cools, you get variations in the density of the cast. Hydraulic Press Mfg. Co. thinks it has got around this problem by equipping its 400-AB die caster with a Nitrogen Accumulator.

Here's how it works: Hydraulic fluid forces the injection ram backward, and this compresses the nitrogen gas into a "bottle." When you release the ram, the expanding nitrogen forces the molten metal forward very quickly. In fact, you can get injection speeds up to 400 ft. per minute.

The 400-AB die caster will produce



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Atlanta
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San Francisco 3
Buffalo 7

aluminum castings up to 12 lb. in weight, and it is adaptable to brass and magnesium casting. Another feature is a built-in hydraulic ejector, which should save time in the casting process and make life a little easier for the operator.

- Source: Hydraulic Press Mfg. Co., Mount Gilead, Ohio.
- Price: \$32,000.

NEW PRODUCTS BRIEFS

Slippery surfaces, such as oil-slick floors and ship decks, are less hazardous if you're wearing Tigerfoot Sandals. The rubber sandals, from Onondaga Wholesale Co., Syracuse, N. Y., have a special sole made of an abrasive material—grit held in bond by water, oil, and an acid-resistant material.

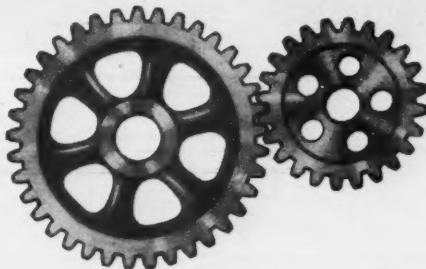
A sparkplug that fires in a 360-degree circle of fire from a round center electrode to the metal shell is supposed to improve combustion over the standard single-spark plug. Circ-O-Fire Spark Plug Co., Detroit, Mich., claims the plug lasts four to seven times longer than the conventional plug.

An air pocket between the inner and outer edges of a welding coupling called Tube-Turn SF insulates the interior from welding heat and prevents scale from getting into the pipeline. You can buy the coupling from Tube Turns, Inc., Louisville, Ky.



Phone That Broadcasts

It takes acrobatic skill or a crooked neck to take notes or look up files while you're talking on the phone. But if you drop the receiver into an Addiphone, the caller's voice is amplified and your hands are free. It's also useful when several people want to take part in a long distance conference. You buy it for about \$75 from Exim Trading Corp., 11 Broadway, N. Y. C.



Is your machinery insurance geared to present values?

Do you know what your machinery is *really* worth? You can't depend on "book" values. Charging off a fixed percentage to depreciation each year gives you only a theoretical figure which may be far below the actual value... *generally is!*

Yet it's important to estimate the actual value of your machinery, for two reasons:

- (1) To get adequate insurance protection for this big investment.
- (2) To provide valid data for support of a possible claim, as required by insurance policies.

To help you make an inventory reflecting real values, the Hartford Fire Insurance Company has prepared a booklet entitled, "*Your Machinery and its Actual Cash Value*." It contains forms and examples which will help you to estimate the values needed for insurance policies and claims.

Send coupon for a free copy—it may save you a big loss!

Then see your Hartford agent or insurance broker about a sound program of insurance protection for your machinery. In more than 5000 communities you can find your Hartford agent by calling Western Union by number and asking for "Operator 25."

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Please send free copy of booklet "*Your Machinery and its Actual Cash Value*."

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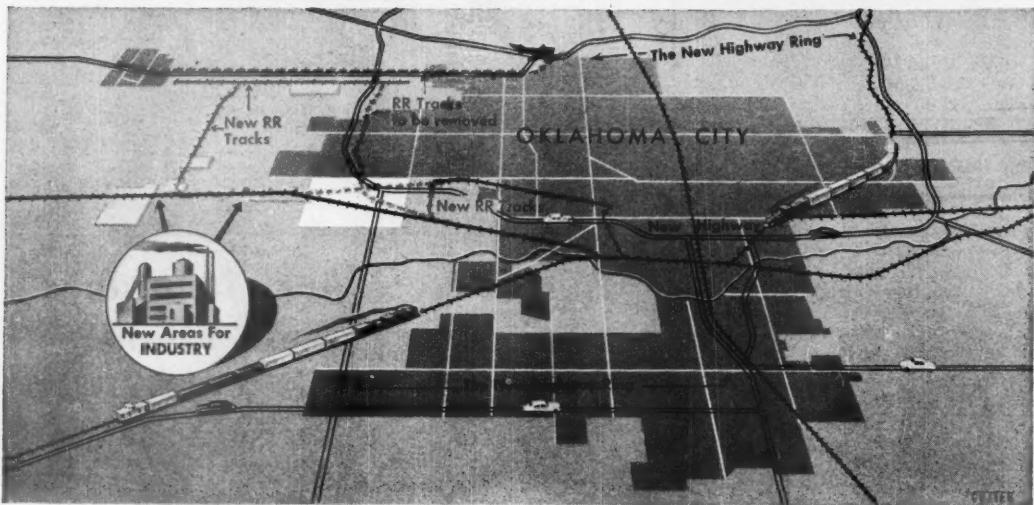
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3

REGIONS



MAP OF OKLAHOMA CITY'S new industrial development shows relocation of rail lines and location of new highways and industrial sites. A 16½-mile boulevard will ring the city, as . . .

Oklahoma City Lets Out the Seams



RESIDENTS of Oklahoma City and county won't recognize this view 10 years from now, when the industrial development program is completed.

The industrial expansion spreading across the country has many a U.S. city bursting its seams. In some places, new industries, as well as existing plants that need bigger facilities, are jamming every available foot of industrial floor space and acreage. And with no break in the defense production stepup in sight, one thing seems sure: Things will get worse before they get better.

How does a city in this literally tight spot go about letting out the seams? Stopgap measures can ease some of the growing pains—such as housing problems, traffic congestion—that such prosperity causes. But curing industrial space symptoms obviously requires more ambitious treatment.

For the answer, many cities might take a good look at how Oklahoma City loosened its collar. It is knee-deep in a huge industrial development program that promises to have a 10-year Rip Van Winkle rubbing his eyes. The development, sparked by the chamber of commerce, will double the city's industrial acreage by the end of 1952. And it leaves plenty of room for growth after that.

• **Growing Pains**—In one way Oklahoma City is not unique. Like many other cities it has grown like a weed in the past 10 years: The city's population swelled by more than 80,000. Part of this is accounted for by 4,000 new jobs created by 198 industries that

have taken root there just since the end of World War II. Major attraction is Oklahoma City's favorable location as a marketing and distribution center.

Businessmen and civic leaders soon realized that something had to be done—something big and in a hurry—to open up more space for industry and to make better use of space already there. So together they mapped out an \$80-million highway-industry-railroad moving program. Some \$36-million of the cost was voted in 1950 as a city bond issue and around \$40-million will come from state, federal, and county agencies.

• Face-Lifting—About 17% of the development is already under way. Industry and improved transportation are the keynotes.

The plan provides for at least nine new industrial districts scattered throughout the city and outskirts, plus an integrated system of express highways to serve them, including a 16-mile-long boulevard that will ring the city.

Besides this, the plan calls for relocation of old railroad lines to better serve both present and new plants. And it provides for floodway work (part of a federal flood control system), new water mains and sewer lines, more fire and police protection, facilities and improvements in parks and airports, plus a new library and a high school. Most of these projects have already been started.

• Teamwork—The story behind the program is one of civic teamwork—money loaned by city banks, notes signed by businessmen who didn't know actually how the money would be used, and outright donations of land and time. And there were plenty of problems along the way.

One of the biggest obstacles came after the 1950 bond issue was voted. It involved removal of around 14 miles of railroad lines crossing the site of a new fairgrounds, which the city will build and develop for industrial use. Also, removal of belt lines that stood in the way of securing rights-of-way for new expressways. The railroads weren't willing to move their lines unless they could get clear right-of-way titles for routes to new industrial districts and help through cash or land exchanges to construct seven miles of new lines to these districts.

The city could not legally vote bonds for such a purpose. So, to get the railroads to cooperate, 286 business and professional men backed with their individual guarantees \$1-million of loans made by city banks to the chamber of commerce. The chamber could then buy industrial sites along new expressways and rail lines and provide rights-of-way for the new lines.

So far the chamber of commerce has bought about 500 acres of land for the



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that produces
true economy
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Boxes

Photographs courtesy
of the Gaylord Corp.

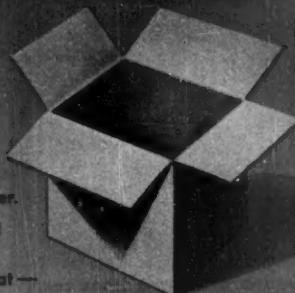
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THIS REVOLUTIONARY NEW CAMERA owes its amazing low price to 15 Bostitch staples applied by 5 different models of Bostitch stapling machines. "Made by any other method, the camera would cost twice as much," says its manufacturer. To him, low cost is vital . . . You buy this inexpensive camera already loaded with film and sealed. After taking the pictures, you mail the camera, film and all, back to the maker for photo-finishing. He returns the prints and camera, loaded and sealed for more picture-taking. You see, his costs have to be low! . . . If you want lower costs, maybe Bostitch fastening can help you, too. Investigate!



FURNITURE MAKER CUTS LABOR COSTS 30% applying 1/4" plastic strips to rattan joints. He changed from brass nails to Bostitch T5 stapling tackers. He gets more secure fastening, too.



POULTRY PROCESSOR SAVES 50% sealing master containers. He changed from taping to Bostitch wire stitchers. Staples also hold 100% better than tape in the freezing room, he says.

ATTACH THIS COUPON TO YOUR LETTERHEAD and find out how Bostitch stapling machines help make unskilled workers more productive . . . provide a self-inspecting fastening method . . . cut costs all along the line. Over 800 models to fit your needs exactly. 300 field men in 112 cities in the U. S. and 11 cities in Canada to give you nearby service.



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City . . . Zone . . . State . . .

" . . . City officials aren't a bit worried about emergency building restrictions . . . "

REGIONS starts on p. 140

new industrial districts. Profits from these should provide enough funds to finance a good part of the program.

• **Pay Its Way**—The new highway, too, will almost pay for itself. It will cost local taxpayers nothing except the cost of the right-of-way. That will probably have to be paid for by a bond issue. The road will be built by the state and federal governments, as a military road.

The highway will connect with the Turner Turnpike between Tulsa and Oklahoma City. The turnpike was created by the state legislature in 1947 to relieve congestion and mounting highway deaths outside the city, which were caused by too narrow and crooked highways.

It authorized a state turnpike authority to issue self-liquidating revenue bonds to finance the road and to liquidate the bonds through tolls collected. These were sold in 1950 on New York investment markets. They are not an obligation against the state.

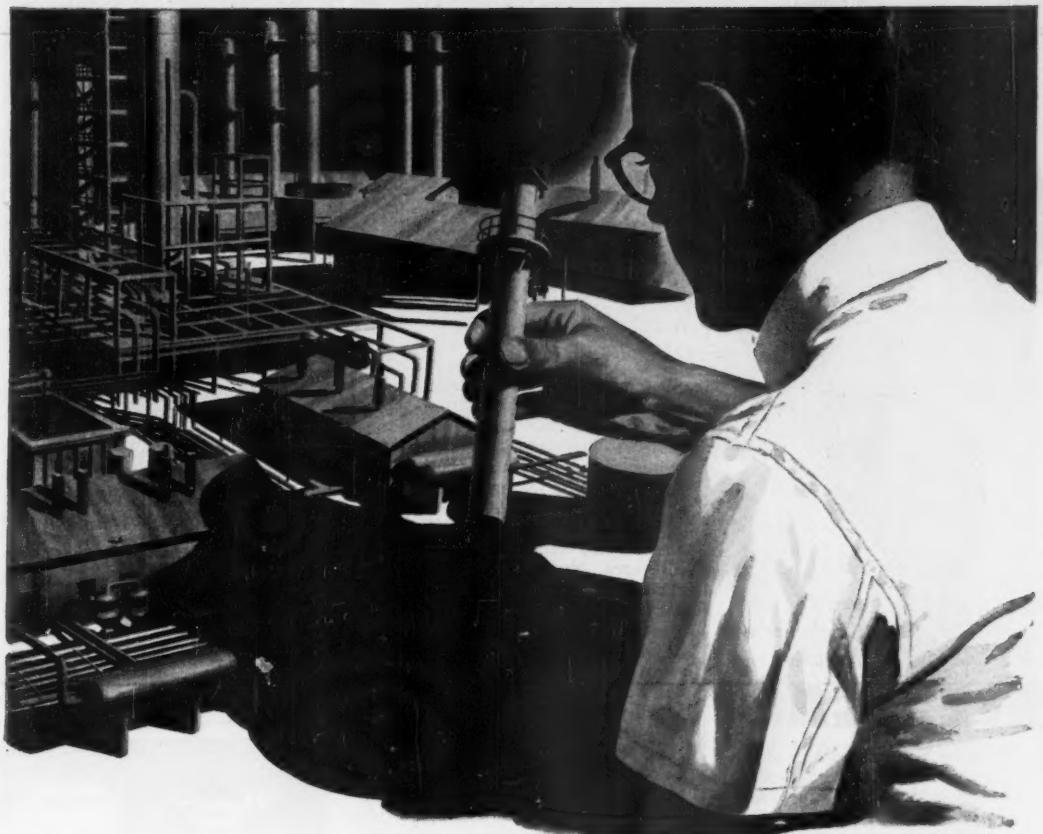
• **Well on the Way**—Most of the job of acquiring right-of-way and locating and constructing grades has been done. Twenty-seven miles of the hard surfacing near the Tulsa terminus is finished. This has been done with asphaltic-concrete, but the authority can adopt all concrete surfacing on other sections if bids on this material are lower.

The turnpike reduces highway distance between Tulsa and Oklahoma City to 88 miles by eliminating angle turns and sharp curves. It is four lanes wide and bypasses most of the towns along the way. It fits perfectly into the urban development plan for routing traffic out of the city. The city will benefit, too, from the tourists and commercial traffic that will use the road.

• **Clear Sailing**—City officials aren't a bit worried about emergency building restrictions holding up the works. The city thinks the government will put the entire project on an emergency footing as a defense preparation effort. Most of the buildings that will be built on the new fairgrounds will be used about 11 months of the year by defense industries and one month for the fair. And the expressway around and through the city will service several big military installations around Oklahoma City.

Eventually, Oklahoma City hopes to extend the development farther outside the city limits. Early this month residents will vote on a \$7,427,000 bond issue to carry the city's program into surrounding Oklahoma County areas.

Already, nearly 50% of the \$36-



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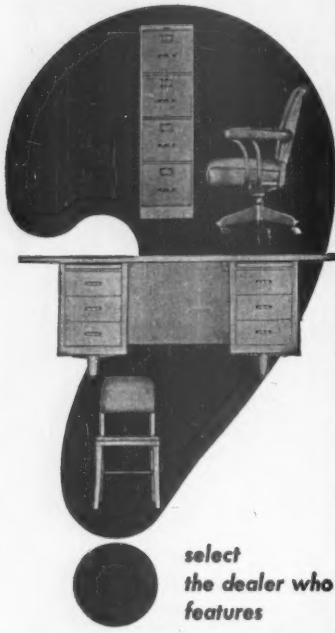
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million bond issue is under contract. Greatest progress in any single fund has been made with the library, where 93.7% of the money has been obligated. The water department comes next, with \$5,874,331 of improvements under contract, or 58.4% of the money voted.

Back of the Hand...

. . . is what Massachusetts businessmen think they are getting from state government.

The Massachusetts State Development and Industrial Commission, by state law, has to turn out a report every year on the competitive position of Massachusetts industries. Usually the report is pretty much routine; this year, though, it managed to stir up a hot political rumpus.

What happened was this: The commission had called in Fessenden S. Blanchard, New York marketing and management consultant, to do the report. Blanchard started work in March, turned the report in to the commission on Aug. 1. The commission did not seem anxious to give out any copies, but word got out that the report contained a lot of sharp criticism against the state administration and legislature (Democratic). According to the stories that circulated, the report charged the state government with a lack of understanding of the state's industry—if not downright hostility.

• **The Phantom Report**—Republican state senators were told that all the copies had been impounded by John J. Delmonte (Democrat), State Commissioner of Labor and Industry. Delmonte refused to turn them over, and the senators threatened him with jail for contempt. New England businessmen, meanwhile, already worried about the anemic state of business in their area, grew more and more curious as to what was really in this phantom report. For three months pressure for its release mounted and tempers frayed, but it stayed hidden.

Then, last week, the commission finally broke down and handed a copy to the newspapers. Delmonte, at the same time, apologized to the legislature for his part in the affair.

• **The Real Report**—As it turned out, the report was not the vitriolic blast that everybody had imagined. But it did show plenty of evidence that businessmen were dissatisfied with the state government and its handling of business measures. Blanchard had interviewed 455 executives in making the report, and a high proportion of them believed that "the attitude of the state

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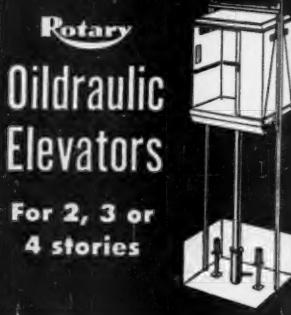
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government towards Massachusetts industries shows a lack of understanding, interest, and support. In many cases it is felt that even hostility to industry exists."

Specifically, executives complained that the legislature coddled labor to get votes. And they accused it of prohibitively heavy taxation. Some businesses are even being forced out of the state by these factors. One manufacturer, operating in the South as well as in New England, put it this way: "Massachusetts is too expensive from a labor productivity point of view. The taxes are too heavy, and the whole general atmosphere can't begin to compare with the pleasant, cooperative attitude we're getting in the South."

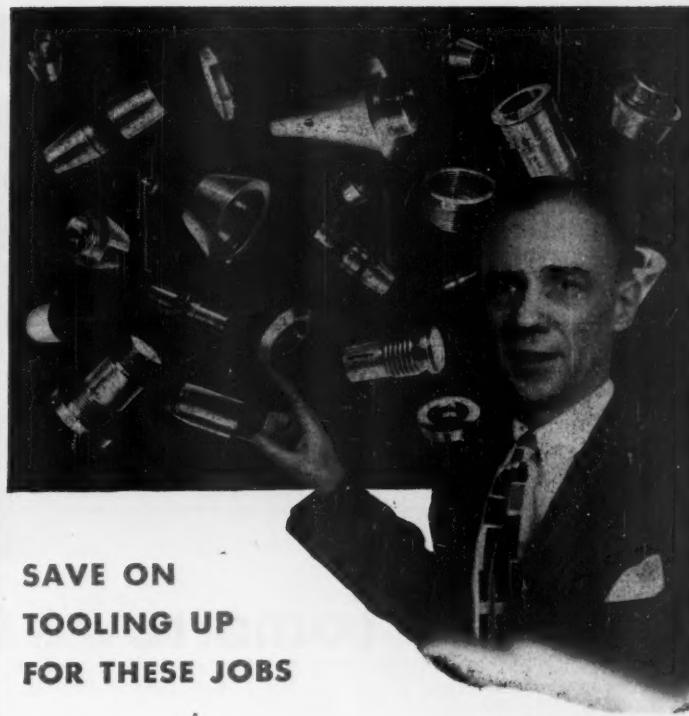
Massachusetts' Governor Dever labeled these comments as "anonymous gripes." But Blanchard said that, justified or not, they were significant. The men who made the comments, Blanchard pointed out, were the men who would decide whether or not their industries were going to stay in Massachusetts.

• **Wide Survey**—Though these political criticisms got most of the publicity, they cover only a few of the report's 300 pages. The rest of it is devoted to an industry-by-industry survey of the cost of doing business in Massachusetts as compared with other states.

The survey shows that all Massachusetts business has been affected to a major extent by high taxes and labor costs and by the migration of industry and population to the West and South. Hardest hit is the textile industry. Here, the report says, "the situation is serious." Textiles make up the largest industry in the state, but it's declining fast. In 1920 textile employment in Massachusetts was 197,377. In 1947 the figure had dropped almost to half of that—104,596—and a further decline since then was only partly made up by the defense boom.

The report gave a number of reasons for this decline: (1) high cost of Massachusetts labor, (2) unsatisfactory labor relations, (3) unfriendly attitude of state government toward business, (4) high taxes, and (5) high power and fuel costs. To remedy these problems, Blanchard suggested that industry, labor, and the state authorities get together, try to promote a more cooperative atmosphere.

• **Action**—These ills of Massachusetts industry are a Number 1 topic across the state, and two big organizations—Associated Industries of Massachusetts, and Massachusetts Federation of Taxpayers Associations—have already taken up the cry for action. They're pushing for wide publication of the Blanchard report. And—they want to see some legislation that'll remedy what the report has diagnosed.

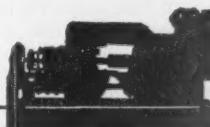


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With this ready-made experience, your present Acme-Gridley Bar Automatics are ready to swing into action at once—profitably. No need for educational orders, trial setups or experimental tooling. Just tell a National Acme engineer what you need. He'll recommend the rest, including the latest developments to give you top performance from your present Acme-Gridley Multiple Spindle Bar Automatics.

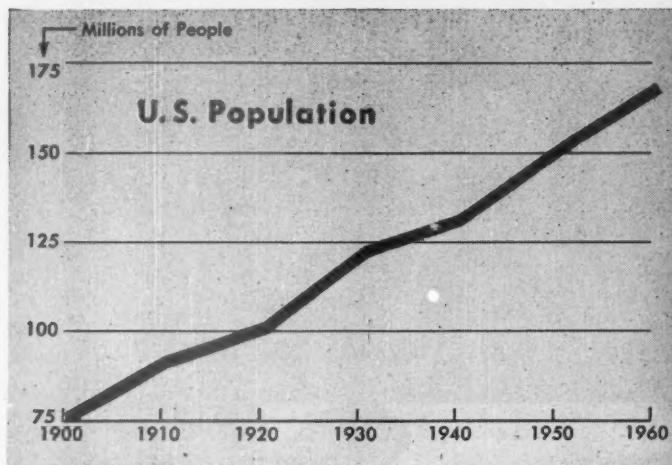


THE NATIONAL ACME COMPANY

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ACME-GRIDLEY BAR and CHUCKING AUTOMATICS built in 1, 4, 6 and 8 spindle styles, maintain accuracy at the highest spindle speeds and fastest feeds modern cutting tools can withstand.

MARKETING



Who Are Tomorrow's Customers?

For the man with something to sell in the U.S. today, the more people there are the merrier he can be.

That might not be true everywhere—in India, for example. But so far this country has kept up with a huge defense program and has still done a job of supplying its own people (some companies, looking back on the 1951 sales record, might say it has done too good a job). A bigger population seems to be just what the doctor ordered.

- Up 14.5%—A bigger population is certainly what we have. The 1950 census count tallied 150.7-million, 14.5% higher than the 1940 count. The rise promises to hold up pretty well, too. The projection of 168.9-million people by 1960 (chart, above) is the Census Bureau's estimate for a medium-rapid increase. Its higher projection of close to 180-million may prove nearer right. We are already running a million ahead of the medium schedule for 1951.

- Not All Customers—The total population line, however, tells a marketing man only part of the story. It's true that a lot of his chickens have already hatched. But he would do well to look at them closely before he counts them; the birds aren't all alike.

One basic difference is the shifting alignment of the age groups.

The charts on the opposite page make three points apparent:

- The current crop of the very young is a big one.
- There's a hollow in the late-teen-

age group where there used to be a peak.

- There are considerably more people over 65 now than there were 10 years ago.

- Middle Group Trailing—if you back off from the age pattern for a better view, one fact strikes you. The fastest-growing groups are the ones at either end of the age line. The broad middle band is increasing less rapidly. The move is a slow one, but long-term it is important.

In 1940 25% of the U.S. population were under 15 years old; in 1950 that young group had grown to 27.1%; by 1960 it should be around 27.5%. The 65-plus group in 1940 were only 6.9% of the total; in 1950 they were 8.2%; in another 10 years they should be about 9.2%. The middle group has shrunk correspondingly: from 68.1% in 1940 to 64.7% in 1950, to 63.4% in 1960.

What's happening, in short, is that the people who produce the goods and earn the best incomes are trailing the people who are mostly too young or too old to be anything but consumers. That puts an extra strain on the middle group.

- Effect on Market—This leads to two possibilities, marketwise.

If the emergency keeps up—and many people think that is an academic question—there will be an increasing squeeze on manpower. In this case, the crucial demand in the next few years may well be for more and better ma-

chinery and plant to step up production.

Even after the defense program reaches the peak, the population growth will be a factor in preventing any long-term economic debacle. People create the market, and in time the added population will soak up almost any amount of new productive capacity.

But it's when you break down the population into smaller age groups that the marketing problems—and possibilities—of the new age patterns become sharply defined. The problem is important enough that J. Walter Thompson Co., big advertising agency, is bringing out a volume, *Population and Its Distribution*, to sum up the census' important findings for business.

- Bumper Crop—to begin at the beginning, take the babies. The under-five market showed the biggest gain of any age group during the 40's. There were 16.3-million of them at census time, nearly 55% more than there were in 1940. There were 23% more youngsters in the five-to-ten-year group than there were a decade ago.

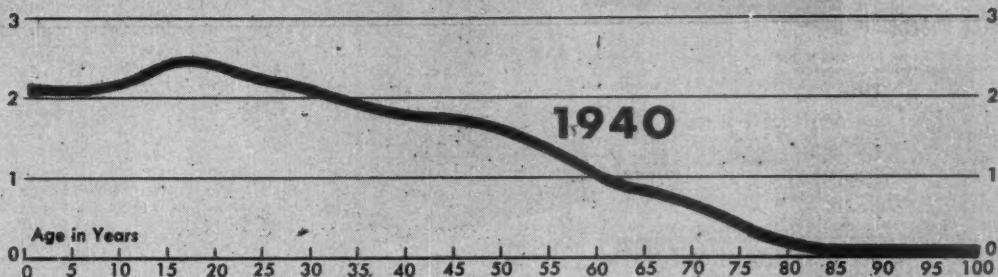
There's no mystery about where they came from. War and prosperity are both powerful baby promoters.

People couldn't afford to get married in the depression years; in 1932 there were less than a million marriages, for the first time since before World War I. In 1933 the birth rate hits its low. Then as the depression wore off the marriage rate crept up slowly. In 1940 it took a big jump—and the baby boom

Millions of People

Millions of People

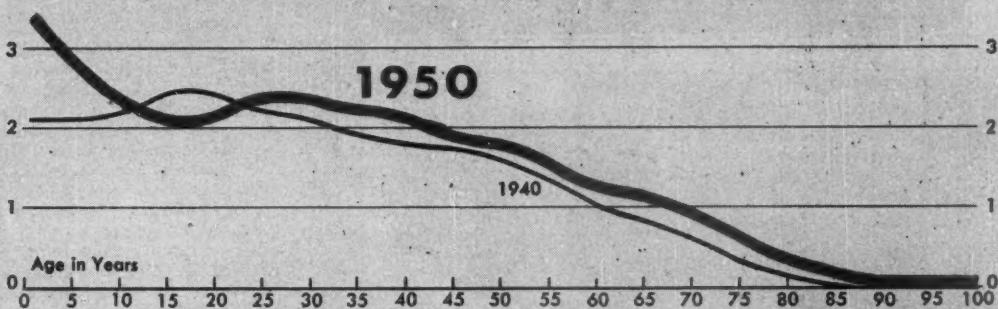
In 1940, small fry were relatively scarce. This was the teen-agers' heyday.
From 20 on, the number of people dropped in each successive age group.



Millions of People

Millions of People

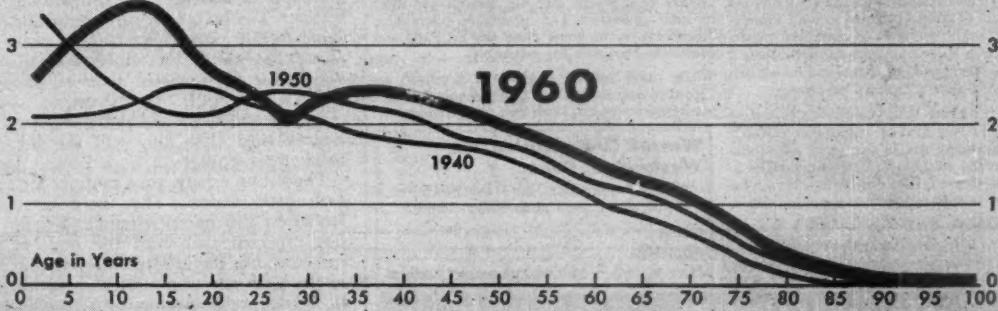
In 1950, the children's decade began. The "hollow generation" of the depression brought a teen-age slump. The number of oldsters increased.



Millions of People

Millions of People

By 1960, the peak will have moved over 10 years to the early teens. The slump will hit the late 20's. But from 35 on, there'll be more of everybody.



Another Automatic Achievement

CLEVELAND tapping machines

3-Way Positioning Speeds Up Precision Tapping of Bulky Pieces

On the new Type ER Cleveland Tapper an operator can center any hole directly under the spindle . . . in a work area up to 40" long by 24" wide . . . permitting precision tapping of a number of holes on one or more levels where the use of multiple tapping heads is impractical.

THE CLEVELAND COMPOUND TABLE MOVES FREELY IN THREE DIMENSIONS . . . the up and down movement is motor driven. It moves 18" from a minimum table height of 38" to a maximum of 56". The lateral and forward and back movement is manual on ball bearing race ways . . . lateral movement 40" . . . 20" to either side of the center line of the spindle . . . forward and back movement 24" . . . 13" forward and 11" back of the center line of the spindle.

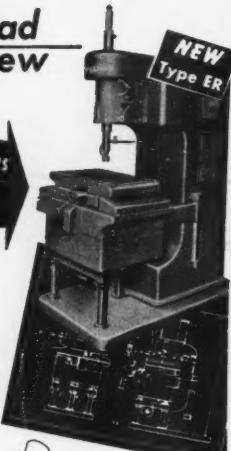
Another product of the versatility of Cleveland engineers, this new Cleveland Type ER Tapper has all the unique and exclusive features of the standard Type E Compound Tapper. It utilizes hardened tool-steel lead screws and bronze lead screw nuts to insure maximum precision in high speed tapping. It may be operated manually or with automatic cycling with limit switches for blind hole tapping.

Cleveland engineers can build a tapping machine to meet your requirements. Write today for full information.

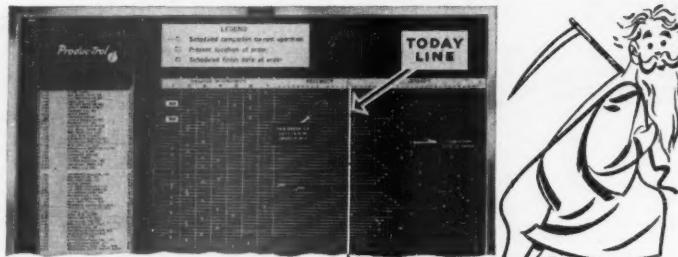
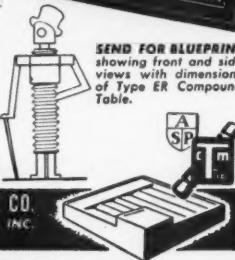
Mr. Lead Screw says . . . Write for your copy of the Cleveland Production Tapping Guide and a copy of Catalog BW-34.

THE CLEVELAND TAPPING MACHINE CO.
A Subsidiary of AUTOMATIC STEEL PRODUCTS, INC.
CANTON 6, OHIO

lead
screw



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showing front and side views with dimensions of Type ER Compound Table.



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Please attach to, or write on, your business letterhead

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PRODUC-TROL
INSTALVELOPE

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SIGNALOK

of the war and postwar years was on the way. It reached its peak in 1947, when 3.7-million babies were born.

• **Baby Carriage Trade**—A population of 29.5-million youngsters under 10 hasn't much income at its disposal. But it's a wonderful inducement to spend money.

Sales figures usually don't break down precisely enough to show just how much the baby boom has contributed to the economy. But the Census of Business gives one clue. Children's and infants' wear stores jumped from 3,917 in 1939 to 6,730 in 1948; their sales rose from \$49.8-million to \$231.6-million, the second-biggest percentage gain in the apparel group (men's and boys' furnishings was the first).

Retailers testify to the strength of this market. Some say that their children's departments have held up this year even when other lines were slack.

The toy trade estimates that toy shipments jumped from around \$100-million in 1939 to three times that in 1947. Baby foods are another indicator. A leading manufacturer of these products reports that this industry's volume in 1950 was six times that of 1940.

Population wasn't the only factor, of course. Higher incomes, rising standards of living undoubtedly accounted for the increase, too.

• **Never Underestimate . . .** There is plenty of other evidence of the power of the small fry. The announcement last week of additional steel allocations for new schools could be called a children's victory over the cold war. Children put insistent pressure under the demand for housing. They are a big factor in another major trend underscored by the 1950 census: the exodus from the city to the suburbs.

Parents' Magazine estimates that \$35-billion will be spent on children under 18 this year. Since all this money comes out of Mom's and Dad's pocket, this outlay may pinch elsewhere. Some retailers blame it for the lag in other soft goods or even in household appliances and cars.

• **More Piggy Banks**—Actually, the compulsion to spend for children has an opposite number: the compulsion to save. The baby crop maybe explains some of the present-day family's penchant for socking its reserves away, which has so frustrated retailers this year.

• **64 Question**—An all-important question is this: How long will the big baby crop keep up?

Population experts are a cautious lot, with good reason. They have been fooled on this question before. Everyone expected that once the postwar rush was over the long-term downturn in the birth rate would show up again. It did drop slightly in the last couple of years of the 40's. Then Korea gave



Where did this car come from?

Most of us think that new cars come from big auto-making cities.

But the fact is, new automobiles are assembled in these cities—but their hundreds of parts come from every state in the union!

Bringing in these parts involves plenty of expert timing. A few missing pieces

can slow up production seriously. A few missing doorhandles can stop an assembly line!

But the auto makers never let that line stop. They keep their cars rolling by using the speed of planes. They bring in needed parts by Air Express!

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IT'S FASTEST—Air Express gives the fastest, most complete door-to-door pick up and delivery service in all cities and principal towns, *at no extra cost*.

IT'S MORE CONVENIENT—One call to Air Express Division of the Railway Express Agency arranges everything.

IT'S DEPENDABLE—Air Express provides one-carrier responsibility all the way and gets a *receipt upon delivery*.

IT'S PROFITABLE—Air Express expands profit-making opportunities in distribution and merchandising.

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Boots, diaphragms, packings and other products give dependable service under difficult operating conditions.



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C/R

PERFECT Oil Seals

it new impetus; latest figures available indicate that this year will be only slightly below 1947's peak and quite conceivably could top it.

So the answer to this question is a hedge. Prosperity and security encourage families. On the other hand, the small family has gained acceptance. The U.S. average now is 3.4 members against 3.7 in 1940.

The trend to urbanization tends to make small households, too. The census reported nearly 64% of the total population was urban in 1950. And it's the rural areas that produce the big families. Still, the big gain in urbanization was in the suburbs rather than in the cities proper; that should somewhat offset the effects of the urbanization.

• **Teen-Age Drop**—Finally, whether the deluge of new babies continues depends partly on what's happening to today's teen-agers. And that brings up the second important chapter in the age story.

The teen-agers, and people in the early 20's are the only age groups recorded by the census that lost numerically between 1940 and 1950. There was a drop of 3.3% in the 10- to 14-year bracket; a 13% drop in the 15 to 19 bracket; 2.3% in the 20-24 bracket. This hollow generation is the depression birth slump, grown some 18 years older.

• **Reflects in Business**—There's no question that we're feeling it right now. The armed services view it as one of their chief worries. Employment agencies feel it acutely when they look around for beginners in clerical and stenographic jobs. Colleges feel it in a dip in attendance (BW—Apr. 7'51, p52).

Business is chary of spelling out its disappointments. But one field that blames some of its troubles on the hollow generation is the movies. Audience Research, Inc., finds that in frequency of attendance the teen-agers take the cake. It builds up to a peak at about 18 and 19—when the courting season starts. After that, the young people get married; soon they have to stay home and baby-sit. So anything that cuts down that age group hurts the box office.

Now the loss of 14-million young people may not be so calamitous in itself. Incomewise they count for very little. Nevertheless, as a market they count for something—even though they don't earn all the money they spend. The magazine Seventeen estimates that teen-age girls buy \$33-million of family food a week; that the total teen-age-girl market represents \$3.7-billion of buying dollars a year.

• **Fewer Families, Fewer Sales**—But where the teen-age "depression" of today may make a serious dent is in its effects on the economy in the next few years. The marriage age has come down; the median age for women is about 20

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Send for this new descriptive booklet. Or, to arrange a demonstration, call "EDPHONE" in your city. In Canada: Thomas A. Edison of Canada, Ltd., Toronto 1, Ontario.



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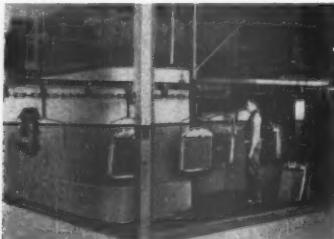
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The traditional use of skilled workers on a given operation does not necessarily mean that they are essential.

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now. So it's to be expected that today's dearth of older teensters will curtail the formation of new families in the next few years. And new families are a fine thing for the man who has something to sell the consumer.

The brightest spot in the teen-age picture is that the shortage will be temporary. By 1960, when children of the 40's are grown up, the teen-age pit will be snowed under. By then, we should be in for a repeat pattern of the 40's: many new families and a new population spurt. Also, if the much-talked-of post-defense recession shows up in the next few years, the fact that there are fewer young people might prove a boon. It would mean fewer new people coming into the labor force, a smaller idle labor pool.

• **Temporary Dent**—Once you get beyond the younger groups, the population line of 1950 follows the same general line as 1940, except that for each age bracket there are more people.

• **More Grandpas**—The growth of the 65-plus group is worth a story in itself. Next to the youngest, they showed the biggest percentage gain over 1940, more than a third. For the very oldest—75 and more—the gain was 45.2%.

As this group grows, industry may have to revise its thinking on such lines as retirement age, pensions, and the like. But the problem here is this: What kind of market do they represent?

• **Potential Market**—Obviously it's a low-income market; they account for less than 10% of the nation's money income. But Dr. Vergil Reed, vice-president and associate research director of J. Walter Thompson Co., suggests several reasons why they are worth watching—besides their numbers.

They have more money than they used to—thanks to social security, pensions, and the like. A recent New York Times study reported some 4-million are drawing old age and survivors insurance benefits.

A department store economist says that today the oldsters aren't yet important saleswise; they account for perhaps 3% of sales. But for long-term planning they will be.

• **Housing**—One field in which the older people will count developed only last week. Herman Stichman, commissioner of the New York State Division of Housing, announced that from now on any state-aided public housing projects must set aside about 5% of their apartments for the aging. And these units will have gimmicks especially designed for older people—nonskid bathroom floors, tubs with handles, low shelves and cabinets.

Finally, more security means less compulsion to stay on the labor force. This could build into a leisure group of some dimensions, and some means to spend on their leisure.

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Battle of the Orangemen

Citrus industry is up in arms because Sunkist is price cutting to introduce its new concentrate. Trade association says that Sunkist has broken down the whole price structure.

There's magic in a famous old trade name. But it takes more than that, the California Fruit Growers' Exchange found out, to crack the market with a new product.

A few months ago the exchange was sure that it could command a premium price for its new Sunkist orange concentrate (BW-Jul.21'51,p100). It banked on the fame of the Sunkist name. But so far things haven't worked out the way they were supposed to. Instead of getting a premium price, Sunkist has broken the whole price structure of the industry.

• **Price Cut**—When Sunkist concentrate was selling at the general price level of about 21¢ a can back in the fall, the Sunkist share of the orange concentrate market was a bare 0.7%. At that rate it would have taken years for the exchange to unload its orange pack, reportedly about 1-million cases.

So during the first week in October, the exchange tried a new short-run strategy. It broke the retail price down to about 17¢ a can. In some areas, according to the trade, the price dropped to 15¢.

• **Reverse Strategy**—The move was effective in one way! It moved Sunkist inventory—188,000 cases of it—in about seven weeks' time. For the week ending Nov. 10, says Sunkist, its sales shot up to 15½% of the over-all sales of the industry. Last week, as planned, Sunkist upped its prices once again. But not to the old level. Its new retail price: about 19¢.

The exchange didn't hold on to its 15½% chunk of the market. Nor did it expect to—if only because it hasn't enough of a pack to keep that pace up for long. But it does feel that this strategy helped Sunkist get a toehold on retailers' shelves.

• **Who Got Hurt?**—The question in the trade, however, is whether Sunkist didn't have to pay too high a price for its gambit.

For one thing, Sunkist's move forced the whole price level of the industry down prematurely. It followed Sunkist down to about 17¢, after some hesitation; now it's up to 19¢, too. One view in the trade is that sooner or later the price level would have fallen of its own volition to about the present level. The industry looked for lower prices with the new pack, now about ready to come in. What Sunkist did, according to this view, was to pull prices down about a month ahead of time.

By lowering the price level sooner than need be, Sunkist probably got hurt more than the other companies. Reason: It is—admittedly—the high-cost producer. Florida packers can still make a profit on 19¢ juice. But at that price California packers and growers both are losing money. They figure the price has to be 23¢ a can to cover their costs.

As a result, the exchange's move has sparked a revolt among some of California's growers. The main ones affected are the Valencia growers, about 42% of whose crop goes into the concentrate.

• **The Opposition**—The California Citrus Producers Assn., a growers' trade organization, blasted the exchange for its price cutting and for its general merchandising policies. Its secretary, H. B. Blatz, complained that price cuts like Sunkist's could be made only at the expense of the grower and of the advertising appropriations. Further, he thought it showed the consumer that "such long and well established names as Sunkist actually have no plus value over cut-price unbranded juices of inferior quality."

The association critics would have preferred the exchange to borrow a trick from other packers and employ the free introductory offer device to get a product started rather than price cutting. Their attitude in general was that just about anything is preferable to price cutting.

• **The Challenge**—That's a word that growers, no matter where they are, hate. On the other side of the country the Florida growers are also doing what they can to stabilize the market and end price cutting.

Enough of them have now teamed up with Minute Maid to get that company's "Grower Participation Plan" off the ground (BW-Oct.6'51,p146).

This is Minute Maid's answer to the deal cooked up by Snow Crop and the Florida Citrus Exchange (BW-Oct.6 '51,p146). Under this deal Snow Crop sold its productive facilities to the Florida growers, in turn handles the marketing side. Minute Maid's plan is intended on the one hand to guarantee its sources of fruit (it will need about 7½-million boxes of oranges next year) and at the same time keep prices orderly. The basic idea of the plan: Minute Maid pays the growers enough to cover the cost of production, then later divvies up its pretax profits on a 50-50 basis.

This weekend Minute Maid an-

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When your cold rolled strip steel delivers more feet per lb., more finished parts per ton, you gain a head start on controlled supply. That's exactly what CMP Thinsteel, in all grades, has been providing for many years. You see, oversize variation, bothersome source of footage loss in ordinary flat-rolled steel, is kept to the minimum by CMP's precision rolling processes. So, you can count on Thinsteel, anytime, free or controlled supply, to increase yield—give you improved production and better end-product quality. Of course, today, Thinsteel production is directed first to defense needs, but whether for defense or regular civilian end-use manufacture it is a helpful answer in stretching steel supply.



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Words Work Wonders

What people say about you, about your company and your product, is of vital importance to your business success.

A favorable word works wonders. It influences others to think well of your business and to patronize it.

A derogatory word also has power—in reverse. It tends to spread doubt and distrust, and to hurt your business.

Favorable Words are Essential

If people possess the full facts of your product's advantages, they can speak favorably with authority and confidence. Without the facts, people are apt to distort the truth and pass on untrustworthy information.

Therefore it is imperative to give them the full facts of each major and minor selling feature if you want them to speak favorably.

The one sure way to accomplish this is through the medium of printed selling literature: booklets, brochures, broadsides, folders, catalogs. Attractive printed pieces permit full documentation and description, detailed illustration and explanation. They enable your prospects and customers to acquaint themselves thoroughly with your sales story.

Your Ally—a Good Printer

Once you see the need for printed selling literature in your business, call in a good printer. Call him in *before you set pencil to paper*. Think of him as your colleague. Then you will benefit the most from his skill and experience every step of the way. You will save the most in time, effort and dollars.

Your printer is very likely to use Warren's Standard Printing Papers on your job. There is good reason for this: he knows and trusts Warren paper. He can be sure that your selling literature will be uniform, well-printed, suited to its task of building business for you. *S. D. Warren Company, 89 Broad Street, Boston 1, Massachusetts.*

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Warren's
STANDARD

Printing Papers

nounced that it had enlisted the interest of enough growers to go ahead with the scheme.

• **Lemon Aid**—Sunkist, meanwhile, is starting a winter advertising campaign with its lemon concentrate, which is more profitable than the orange. It hopes to make the lemon a year-round drink—and even to compete with carbonated beverages.

MARKETING BRIEFS

Sunbeam Corp. won the first round in its second attack on opponents of fair trade. The U. S. District Court in San Francisco enjoined Payless Drug chain from selling—or inducing other retailers to sell—Sunbeam products at less than Sunbeam's fair trade prices. In a case similar to its action against Macy's (BW-Nov. 10 '51, p. 137), Sunbeam is suing the chain for \$825,000 damages.

Co-op pains: After a three-year try, Rhode Island Co-Operative, Inc., shut up the state's first co-op department store in the outskirts of Providence and moved downtown. Bad location, poor choice of merchandise were blamed. Consumer Distribution Corp., which set up the co-op, bought back all the stock last week. Since moving five weeks ago, the co-op reports a profit.

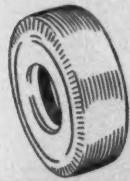
Cosmetic and toilet preparations now have trade practice rules like other industries. Federal Trade Commission O.K.'d them, to take effect Feb. 1. The rules prohibit price discrimination among buyers, say that misrepresentation is unfair competition. They also cover the use of the word "free"; explain when demonstrators may be used to push sales.

Dieters got a price break on salt-free meats last week. Hilsom Corp., sales organization for Armour's specially processed low-sodium foods (BW-Jun. 9 '51, p. 22), cut prices on five prepared meat dishes an average 16%. Acceptance—hence distribution—has grown enough to warrant the cuts, Hilsom reports.

Advertising "millionaires"—those who spent at least \$1-million on the six major media in some one year between 1936 and 1950—total 122, Printer's Ink reports. They account for 59% of all national advertising in these media. Procter & Gamble was No. 1 spender for the 15 years, General Motors was No. 2, and General Foods took No. 3 spot.



PRINTING INDUSTRY



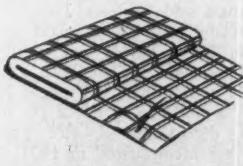
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*It's the
EXPERIENCE
that counts...*

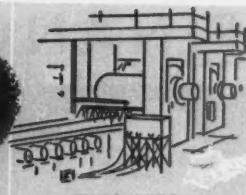
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V*S Drive provides an unlimited range of speeds from A-c. circuits. In addition, V*S offers controlled acceleration and deceleration; slow speed for jogging, inching or creeping; fast, smooth reversal at any point desired and other specialized functions to suit particular applications. Safe, simplified control saves man hours—reduces operator fatigue. Centralized operator's station for the control of one or more drive motors can be located at any convenient point. Write today for new V*S Drive Bulletin D-2311.

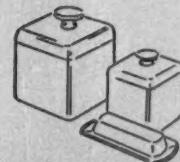


PROOF of PROGRESS!

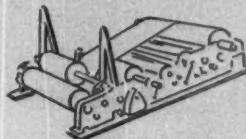
Just after the turn of the century, the lathe above made news with its adjustable-speed Reliance Armature-shifting Motor. Modern lathes (right) have built-in Reliance V*S Drives to provide control of all functions of spindle and speeds.



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PLASTICS INDUSTRY



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FINANCE



CYRUS EATON, of Otis & Co., faces . . .



HENRY J. KAISER of K-F Corp. Hot issues between them are still unsettled, so . . .

Three-Year Financial Battle Rages On

Kaiser won a \$3-million suit against Otis & Co. last summer. But Otis is still on its feet—kicking vigorously.

The epic struggle between Henry J. Kaiser and financier Cyrus Eaton is far from over yet. Kaiser had forced Eaton out of business last July 10, when his Kaiser-Frazer Corp. got a \$3.1-million judgment from a New York federal court against Eaton's Otis & Co. (BW—Jul. 7 '51, p.21). That compensated for the damages K-F claims it suffered when Otis & Co. broke off an underwriting contract back in 1948. But last week Eaton won a round himself.

A referee in bankruptcy recommended to the Cleveland federal court that Otis & Co. be allowed to reorganize under Chapter 10 of the federal bankruptcy law. That means Eaton's underwriting house, which has been thrown into deep financial difficulties by K-F's efforts to collect, may yet be able to stay in business. And Eaton and his associate William R. Daley, the principal Otis stockholders, may be able to keep from being held personally liable if Otis & Co. cannot pay the judgment.

• A Chance—In August K-F had asked a Delaware court (Otis & Co. is a Delaware corporation) to appoint a receiver for Otis. In a separate suit, it had asked the state court to make Eaton and

Daley personally responsible for the judgment, in case the corporation could not pay all of it.

The referee, however, decided that there is a good chance an acceptable plan of reorganization can be worked out for Otis. He also felt that the Chapter 10 process would be preferable to having a Delaware receiver take over Otis assets in Delaware. In that case, other receivers would have to be appointed in every other state where Otis has done business. But under a Chapter 10 reorganization, a trustee appointed by the Cleveland federal court would take over all Otis assets.

All of this adds up to a new lease on life for Otis & Co. Recommendations of this kind are nearly always followed by the court. However, K-F will have a chance to file objections before the court finally makes up its mind.

• Stormy History—This is only the latest twist in the long, stormy career of Otis & Co., which was organized in 1895 as Otis, Hough & Co. to engage in the iron and steel commission business. The firm got into stocks and bonds in 1899, when it bought the first New York Stock Exchange seat ever

owned in Ohio. In 1912 the name became Otis & Co.

That was four years before Cyrus Eaton, already famous as a utilities financier, came into the firm. In 1925, with the reorganization of Trumbull Steel Co., Eaton started a series of intricate steps that led to the formation of Republic Steel Corp. in 1930. The firm, only a few months after the 1929 crash, successfully distributed \$60-million of Republic Steel preferred. Next year the partnership became a corporation.

• Guiding Hands—Since then, Otis & Co. has successfully weathered several fair-sized storms. The company may owe this to the fact that there have been two very shrewd hands at the wheel—Eaton and William Daley.

Daley came into the company as a partner in 1928. Before that, though only a young man, he had been a full partner in a prominent Cleveland law firm. For a while he managed the underwriting department of Otis. Then, when it was incorporated in 1931, he became its president.

Eaton started his financial career early. At the age of 24 he had gained control of a small gas utility in Canada. He visited Cleveland in 1907, with an eye on the electric utility business, and there he met George T. Bishop. Bishop was at the head of an electric railway

concern; he knew a lot about finance and he taught Eaton the ropes.

Later, when Eaton was casting about for an investment house position, he was turned down by several New York companies. So he went back to Cleveland, and in 1915 Bishop steered him into Otis. By 1928 Eaton practically owned the company.

And under the guidance of these two men, Otis & Co. has made the big time. Through the years companies originally financed by the company include Firestone Tire & Rubber Co., Glenn L. Martin Co., Fisher Body (now part of General Motors Corp.), Kansas City Power & Light Co., Columbus & Southern Ohio Electric Co., and Michigan Consolidated Gas Co.

• **Toil and Trouble**—At the height of its career, in 1946 and 1947, Otis stood well up among the top investment houses. Then came the ill-starred K-F financing (BW-Feb. 21 '48, p85). Eaton claims that he had already been disturbed when Kaiser shifted valuable aluminum properties from K-F to another Kaiser company. He says he felt the aluminum holdings should have been retained by K-F to compensate for its money-losing auto operations.

Nevertheless, Otis agreed to purchase 900,000 shares of additional K-F stock at \$11.50 each, for public distribution at a price of \$13. This contract, though, was never fulfilled. The public just wouldn't buy the new stock at that price—despite the fact that on the day of offering K-F purchased 186,000 shares of its already outstanding stock in an effort to hold the price up. (This was at Eaton's suggestion, K-F claims.)

Soon after the contract was signed, according to Eaton, Otis salesmen got an earful on the current status of K-F operations from K-F's own dealers, when the salesmen tried to sell them some of the new shares. At this point, Eaton claims, he tried to back out, but Kaiser insisted on performance of the contract. But Eaton soon saw an out: a stockholder suit filed against K-F by James F. Masterson, former Otis legal advisor. Otis used this as a reason for breaking the contract—which he did on Feb. 9, 1948.

Then the battle began. The National Assn. of Securities Dealers and the Securities & Exchange Commission—bodies that Eaton had never been backward about criticizing—went after him. And, on Feb. 13, K-F filed suit.

• **Deep Water**—At the present time, Otis & Co. is suspended from NASD until mid-1954—which means no members can do business with the company. Otis hasn't done any brokerage business on exchanges for years, sticking entirely to trading in unlisted securities and to underwriting. Its retail business had suffered heavily before the suspension. Retail business came to an end in

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Divides automatically with printed record of dividend, divisor, quotient and remainder.

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Requires only one key stroke to obtain sub-total or total.

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July, when the Cleveland federal court ordered Otis to tell its customers that it would be insolvent if the \$3.1-million verdict sticks.

All of its branch offices had been closed already. The plush 20th floor of Cleveland's Terminal Building, which had been completely occupied by Otis, gave way to much smaller quarters. Personnel in the main office shrank from between 75 and 100 down to eight.

• **Not Under Yet**—But Eaton is still fighting to continue Otis & Co. In the first place, he is appealing the \$3.1-million verdict. He says he's confident that the verdict will be thrown out by the higher court. In any case, Eaton points out, Otis & Co. owes K-F nothing until the case is finally settled. The appeal is expected to reach a higher court sometime in January. But even after that court rules, the case could be appealed still higher.

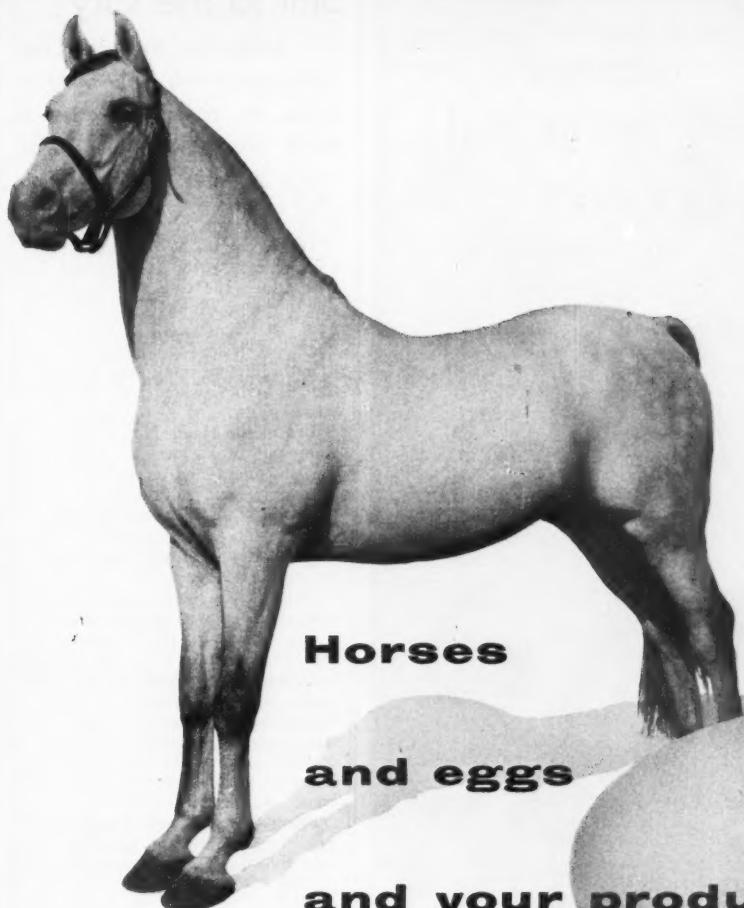
Even if the verdict finally goes against Otis, it might well be allowed to stay in business, through a Chapter 10 reorganization, making a long-term arrangement to pay off the \$3.1-million judgment. Otis & Co.'s capital was \$2-million as of the last reported balance sheet, Dec. 31, 1950. Of this, \$1.5-million consists of securities furnished by Eaton and Daley, which were made subject to other creditors' claims. Reports are that Eaton and Daley have pulled out at least some of these securities and replaced them with cash.

SEC has a temporary injunction that keeps Otis & Co. from engaging in the securities business. But Eaton figures that after the current litigation is over, he may be able to get the injunction set aside. He says he wants to run Otis as an international banking organization. Presumably, he wouldn't have to do business in that field with members of NASD.

• **Counteroffensive**—Finally, Eaton has sued Henry J. Kaiser and his son Edgar in a Cincinnati federal court for transferring valuable aluminum properties from K-F to one of their other more closely held companies. This suit would no doubt be called off if Eaton got concessions from Kaiser on the verdict against Otis & Co.

Many people who have watched the Eaton-Kaiser battle for the past four years are still wondering why Eaton broke his contract in the first place. After all, they point out, he could have taken a loss on the 900,000 shares and deducted it as a tax loss. By breaking the contract, they say, he virtually signed Otis & Co.'s death warrant.

People who know Eaton well say it was a matter of pride. They say Eaton just couldn't stand the feeling that he had been taken in by Henry Kaiser. Eaton had never come out on the bottom before, they point out, and he just couldn't accept it this time.



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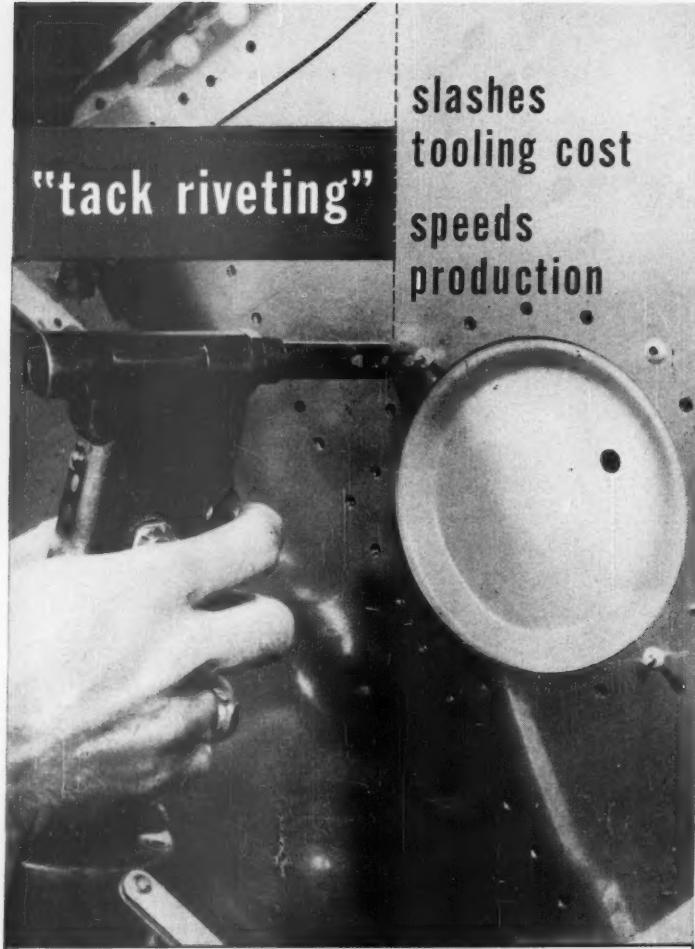
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Sell to the City

National City Transit decides that's the only way to solve its cost problems in more than a dozen towns.

Even with the best of management, urban transit lines no longer look good to private capital.

That seems to be the reasoning behind recent moves by National City Lines, Inc., the country's biggest private operator of city bus and trolley lines. In recent weeks it has proposed municipal ownership of transit facilities to authorities in more than a dozen of the 41 cities where its subsidiaries operate.

• **Bird in the Hand**—Not that NCL is going out of business. It proposes to sell the lines, take revenue bonds for its equity, and continue to operate the service under a management fee arrangement. In effect, then, it wants to substitute assured income from revenue bonds for its present uncertain earnings from stock ownership—and continue to receive management fees.

It's just as well that NCL will take the bonds, since it's doubtful that the Voluntary Credit Restraint Committee would O.K. the sale of such issues to the public. Last spring, as part of its war against inflation, Washington cracked down on the sale of municipal issues to finance purchase of privately owned utilities (BW—May 12 '51, p122).

• **About-Face**—What makes NCL's new move doubly interesting is the fact that for years it has been successfully defying the trend toward municipal ownership of transit facilities (BW—Jul. 20 '46, p70). It has accomplished this by efficient management. A holding and management company, it has centralized all executive and clerical functions of its subsidiaries in its Chicago headquarters. Only supervision of operation and maintenance is handled at the local level.

With this arrangement, its earnings have been good, if not spectacular.

• **Sub for Higher Fares**—Nevertheless, NCL must see the handwriting on the wall. Increasing costs—wages, materials—plus declining traffic have forced it to seek higher fares in many cities. And it has been in these cities that NCL has proposed—as an alternative to higher fares—the municipal ownership-private management arrangement.

• **Bingham Formula**—Basically, NCL's plan is an adaptation of a suggestion made last July by Sidney H. Bingham, chairman of New York City's Board of Transportation. The "Bingham formula" provides that:

A city corporation be set up to own

transit lines. It would issue revenue bonds, amortized over perhaps 20 years, to purchase the lines from private owners. General control would be exercised through a board of directors representing the city and the bondholders. The existing private management would be hired to operate the service for a fee.

• On the Credit Side—Such a plan would free transit systems of various income, property, franchise, and other taxes. And it could free the system from state regulation of fares or service.

National City has not spelled out exactly how it would apply this formula. But it would probably insist that it name a majority of the directors. It would hold the bonds as an investment, manage the lines for a fee.

• Region Survey—Cities where NCL representatives are known to have broached the Bingham formula as an alternative to higher fares include: Stockton, Calif.; Elgin, Champaign-Urbana, Danville, Decatur, Joliet, and Quincy, Ill.; Cedar Rapids, Iowa; Jackson and Saginaw, Mich.; Jackson, Miss.; Lincoln, Neb., where NCL has served notice of its intention to abandon service; Tulsa, Okla.; and Spokane, Wash. In all of these, local transit companies are wholly owned subsidiaries of NCL.

In St. Louis, Bingham conferred with city officials early this month. Purpose of his visit was to explain his formula. But he was not acting as a representative of NCL.

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The Victorian mathematician who wrote "Alice in Wonderland" would feel right at home amidst some of today's astonishing tax situations. Here, a \$450,000 tax loss is advertised as one of the chief attractions of a plant. The buyer would presumably buy the company's stock.

UNBRAKO THROUGH THE AGES - No. 6

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On-the-Record . . .

. . . facts in Jacobs Co.'s annual proxy statement show stockholders what happened in Merl Young deal.

Stockholders of F. L. Jacobs Co., Detroit auto parts maker, found the annual proxy statement unusually absorbing last week. The statement, mailed in advance of the annual meeting Dec. 17, made a clean breast of the dealings of President Rex C. Jacobs with Merl Young, formerly of the Reconstruction Finance Corp.

• **On the Record**—The fact that Young had been on the Jacobs Co. payroll, and that he also had been involved with attempts by Jacobs Co. to get a loan from RFC, were brought out in the investigation of the RFC early this year. The probe also found that the company, through president Jacobs and treasurer James C. Windham, had in 1950 made three loans to Young for a total of \$120,000. Now Jacobs Co. has put the whole thing on the record for its stockholders' benefit.

The proxy statement says that Young borrowed \$120,000 from the company without the knowledge of its board of directors and that Rex Jacobs, Windham, and a third man each borrowed \$30,000 of this from Young. The money was used to finance a joint oil-and-gas venture. Jacobs and Windham each held a 25% interest, but later sold part of their shares to Clare S. Jacobs, a company vice-president. The venture was a flop, and the loan was defaulted in September, 1950.

Furthermore, according to the statement, the three officers told independent auditors for the company, in writing, that the loan payment was made for "a different purpose of a corporate nature." The "full board of directors," says the statement, didn't learn the truth till early this year.

• **Repayment**—Starting last January the three company officers started paying off the loan. By the end of July the loan with accrued interest had been cut to \$75,000. After this, Rex Jacobs paid off the loans in full.

Jacobs denies, however, that he ever saw the misleading statement made to the auditors. Though Jacobs is still president, Windham has left the company and has been succeeded as treasurer by Clare Jacobs.

The statement also brought out that during the fiscal year ending last July 31, a brokerage agency whose stock was owned by Rex Jacobs, Windham, Young, and a Joseph Rosenbaum received about \$5,900 in commission on insurance sold to F. L. Jacobs Co. The

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agency did practically no business with anyone else. Most of its capital and income, according to the statement, were paid to Merl Young "in the form of salaries, expenses, and advances." The agency was dissolved last May.

FINANCE BRIEFS

Private security placements are still zooming. Involved in some recent deals: \$300-million Union Carbide & Carbon 100-year 3½% notes . . . \$7.5-million Motorola, Inc., 15-year 3½% notes . . . \$5-million Pennsylvania Power & Light \$4.50 preferred . . . \$5.4-million City of Hamilton, Ont., serial U.S. dollar debentures . . . \$20-million Houston Lighting & Power 3½% mortgage bonds . . . \$25-million City Stores 20-year 3½% and 3¾% notes . . . \$5-million 15-year 3½% Fruehauf Trailer debentures.

Federated Department Stores, Inc., will soon sell 150,000 shares of common stock to finance its recently announced expansion plans (BW—Nov. 3'51, p122). Proceeds of such a sale, Wall Street thinks, should total over \$10-million.

Commercial paper outstanding has reached a new 21-year high of \$409-million, the New York Federal Reserve Bank reports. A 2½% rate is now needed to move prime four- to six-month paper. Open market notes of lesser known companies have to offer yields in 2½% to 2¾% range.

West Virginia sold about \$17.4-million of veterans' bonus bonds the first day it offered \$37.5-million worth to the public (BW—Dec. 1'51, p28). The bonds mature over a 20-year period, offer holders a 2.225% tax-exempt yield. The offering is part of a \$67.5-million issue the Voluntary Credit Restraint Committee last spring labeled "inflationary" (BW—May 19'51, p128).

Pennsylvania R.R. has ordered \$60-million of new equipment—180 diesel-electric road and switching locomotives, 5,000 freight cars. Wall Street hears such purchases will be financed by conditional sales agreements negotiated with banks and life insurance companies.

Real estate holdings of the life companies exceeded \$1.5-billion at the end of the third quarter, according to the Institute of Life Insurance. That's double the size of such investments five years ago. Commercial rental properties accounted for 49% of all realty holdings then, rental housing another 24%.



Both management and labor are seeking the best method of solving the retirement problem. A real measure of financial security is the goal, but there is no standard method for achieving this goal. The great variation in earnings and working conditions in companies and trades create the need for different approaches to the common problem.

Our Pension Trust Division has acquired a unique experience in developing all types of pension systems for a great number of trades and businesses. This experience can be invaluable in working out a pension plan to fit the income and employee benefit requirements of your company. We shall be glad to discuss with you any pension problem you may have, including pension costs. No obligation whatever.



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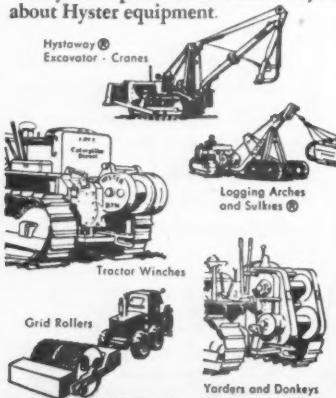
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THE MARKETS

The 1951 Bear Market in Governments

ISSUE	1950 Year-end Bid	Yield	1951 Range		Recent Level	
			High	Low	Bid	Yield
2½s, 1952-54 Mar.*	101.2	1.55%	101.2	100.7	100.8	1.37%
3s, 1953-55	102.8	1.09	102.16	101.10	101.18	0.89
2½s, 1954-56	103.22	1.12	104.2	102.24	103.2	0.97
3s, 1955-60	106.28	1.16	107.12	105.10	105.16	1.12
3s, 1958-63	110.10	1.27	110.30	107.22	108.22	1.33
2½s, 1962-67	102.22	2.23	103.4	97.18	98.2	2.64
2½s, 1963-68	101.22	2.34	102.7	96.24	97.3	2.70
2½s, 1964-69 June*	101.5	2.39	101.19	96.22	96.30	2.71
2½s, 1965-70 Mar.*	100.29	2.42	101.17	96.16	96.26	2.71
2½s, 1966-71*	100.28	2.42	105.1	96.16	96.24	2.71
2½s, 1967-72 Sept.*	103.17	2.24	104.31	97.24	97.24	2.63
2½s, 1967-72 Dec.*#	100.22	2.44	100.25	96.18	96.20	2.70

All bids are in percent of par. Figures following decimal points represent 32nds. Yields are figured to first callable date.

*Fully subject to federal taxes. #Not eligible for bond holding.

ILLUSTRATION BY WALTER WOOD

Government Bonds Drag Feet

The November price break was nothing really serious, but rallies have been a lot slower than on the stock market. Main reason: lack of investor interest.

From the way the stock market has been acting lately, there seems a good chance now that it'll end 1951 in much better shape pricewise than many Wall Street bears had expected.

However, it isn't likely that the government bond market will do that well.

• **Decline**—Late November, for example, saw the long-term Treasuries suddenly start to drift lower, then stage a fairly sharp price decline. Fortunately, this proved but a short-lived affair.

Before it was over, however, some long-terms had been driven down to levels even lower than those reached last spring—when a burst of panicky selling followed the Federal Reserve Board's decision to pull the pegs out from under the government market. What's more, since its conclusion, prices on many such issues have managed to stage only feeble rallies (compilation above).

• **All's Well**—That's not to say that the government market lately has reached a "dangerous" point. It hasn't. The recent price break, for example, doesn't appear to have been touched off by any important, new, unfavorable changes in underlying bond market factors. Neither can it be said to have greatly surprised those whose business

it is to follow the Treasury market closely. Here's why:

Since last spring ready buyers of long-term Treasuries in quantity have been relatively few in number. Most institutions, for instance, have shown scant interest in such issues. And that has been particularly true of the life insurance trade, the nation's biggest reservoir of investible funds. Instead of buying governments, that group in recent months has been putting its supply of noncommitted long-term investment funds into the more attractively priced new corporate issues.

• **Lack of Interest**—Thus, what has been occurring pricewise in the government market lately has been due more to a lack of investor interest in such issues than to a preponderance of selling.

This is fortunate, too. The market, obviously, has finally reached the point where it could prove very sensitive, should any large offerings suddenly be dumped into its lap for disposal.

There is a chance, of course, that, as was the case earlier this year, some institutional holders of Treasuries might start selling these bonds in large volume, in order to secure funds to ac-

quire some of the higher-yielding corporate issues now flooding in. That, needless to say, could hurt. And it's within the realm of possibility. Rumors indicate, in fact, that one large insurance company is currently considering such action.

Thus far, the recent price weakness

in the Treasury market hasn't spread to the short-term issues. For these, there has been a good demand, particularly from corporate buyers. And most of Wall Street's government bond crowd expect that their recent firm price tone will continue in evidence for some weeks to come.

How "Korean Market" Leadership Shifted

Stock Index	Standard & Poor's Weekly Indexes (1935-39 = 100)					
	1950 Phase		1951 Phase		Total	
	Pre-1950 Korean Level	Year- end	Gain	Year- end	Recent Level	"Korean Market" Gain
"War" stocks.....	137.9	169.8	23.1%	169.8	243.6	53.5%
Fertilizer.....	260.9	337.1	29.2	337.1	456.6	46.6
Tires, rubber goods.....	235.9	292.9	24.2	292.9	393.7	42.7
Mining, smelting.....	82.5	108.0	30.9	108.0	133.1	30.4
Oil.....	193.7	230.4	18.9	230.4	299.5	35.7
Bituminous coal.....	301.3	404.3	34.2	404.3	459.9	18.4
Copper.....	127.2	166.9	31.2	166.9	192.7	20.3
Lead, zinc.....	89.9	128.9	39.4	128.9	136.2	8.1
Air transport.....	250.1	339.4	35.7	339.4	359.9	8.2
Rayon.....	406.7	539.6	32.7	539.6	549.3	2.4
Woolen goods.....	100.1	156.6	56.4	156.6	133.8	-22.7
Railroads.....	108.6	144.5	33.1	144.5	143.8	-0.7
Paper.....	415.7	508.0	36.6	508.0	548.5	-4.7
Low-prize commons.....	161.3	198.3	22.9	198.3	208.3	6.2
Metal fabricating.....	122.1	146.1	19.7	146.1	156.7	8.6
Shipbuilding.....	177.7	218.2	22.8	218.2	227.8	5.4
Machinery.....	123.7	153.4	24.0	153.4	158.3	4.0
Distillers.....	357.3	485.8	36.0	485.8	455.2	-8.6
Agricultural machinery.....	136.5	160.3	17.4	160.3	173.8	9.9
Aircraft manufacturing.....	137.8	179.7	30.4	179.7	172.3	-5.4
Leather.....	156.6	192.8	23.1	192.8	194.6	1.2
Railroad equipment.....	81.1	104.3	28.6	104.3	99.1	-6.4
Capital goods stocks.....	150.5	168.6	12.0	168.6	182.4	9.2
All industrials.....	159.5	175.1	9.8	175.1	192.6	11.0
Ethical drugs.....	194.3	165.4	-14.9	165.4	232.9	34.8
Motion pictures.....	140.5	145.7	3.7	145.7	168.0	15.9
Cotton goods.....	244.2	328.8	34.6	328.8	290.8	-15.5
COMPOSITE INDEX	149.4	162.0	8.4	162.0	177.1	10.1
Steel.....	173.0	209.9	21.3	209.9	204.1	-3.3
Sugar.....	103.1	120.4	16.8	120.4	121.3	0.9
Mail order, general chains.....	209.7	233.2	11.2	233.2	246.8	6.5
Shipping.....	391.9	415.9	6.1	415.9	461.1	11.6
Glass containers.....	113.6	129.2	13.7	129.2	133.6	3.9
Chemicals.....	191.9	209.9	9.4	209.9	224.7	7.7
Department stores.....	228.1	264.4	15.9	264.4	264.9	0.2
Building materials.....	140.6	135.0	-4.0	135.0	161.2	18.7
Electrical equipment.....	126.9	126.0	-0.7	126.0	144.0	14.2
Proprietaries, cosmetics.....	134.1	135.5	1.0	135.5	151.6	12.0
"Peace" stocks.....	165.4	164.5	-0.5	164.5	182.9	11.1
Office, business equipment.....	207.1	202.8	2.1	202.8	221.0	4.6
Auto parts, accessories.....	139.3	139.6	0.2	139.6	147.6	5.8
Natural gas.....	201.7	185.5	-8.0	185.5	213.2	13.7
Television, electronics.....	241.3	199.1	-17.5	199.1	254.3	22.9
Consumer goods stocks.....	156.6	160.2	2.3	160.2	164.2	2.6
Printing, publishing.....	109.6	119.8	9.3	119.8	113.8	-5.5
High-grade commons.....	136.8	138.1	0.9	138.1	140.2	1.6
Utilities.....	112.5	106.2	-5.6	106.2	114.4	7.3
Automobile.....	186.7	181.3	-2.9	181.3	189.6	4.2
Metal containers.....	89.3	74.2	-16.9	74.2	89.1	16.7
Shoes.....	115.4	116.4	0.9	116.4	114.1	-2.0
Finance companies.....	129.5	97.3	-24.9	97.3	128.0	23.7
Foods.....	146.2	148.5	1.6	148.5	142.6	-4.1
Food chains.....	236.2	241.4	2.2	241.4	227.4	-5.9
\$6, 10¢, \$1 chains.....	133.6	125.0	-6.4	125.0	127.3	1.5
Confectionery.....	135.1	122.7	-9.2	122.7	120.4	-1.7
Tobacco.....	85.7	80.3	-6.3	80.3	74.6	-6.7
Carpets, rugs.....	146.9	136.4	-7.1	136.4	122.9	-9.2
Gold mining (U. S.).....	71.3	54.7	-23.3	54.7	58.8	5.8
Soft drinks.....	130.3	106.5	-18.3	106.5	93.6	-9.9

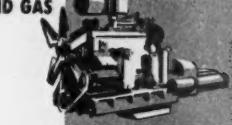
NB All gains figured on basis of "Pre-Korean level".

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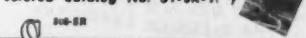


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DEFENSE BUSINESS

Power Feud Slows Aluminum

Unless Truman puts an end to agency tug-of-war over power for Kalispell project, mobilizers may have to abandon project and turn elsewhere to get quick production.

Twice within 90 days, Secretary of Interior Oscar Chapman has stopped Defense Production Authority projects for aluminum expansion. He may get a chance soon to start a project of his own, unless Truman steps in to decide against him in an interagency feud.

The central issue is power that will be generated at the Reclamation Bureau's Hungry Horse Dam, near Kalispell, Mont. Mobilization agencies under Charles E. Wilson are more interested in getting quick aluminum production from this power than in who the producer should be. But old-line government agencies—Interior Dept. and Justice Dept.—are more interested in who the producer will be than quick production.

- **One and Only**—Truman is the only man who can break the deadlock. Chapman has no responsibility for expanding aluminum to meet military needs. That job is Wilson's. Wilson, in turn, assigned it to Manly Fleischmann, as head of DPA. Chapman stopped DPA once in the case of the Harvey Machine Co. when Harvey wanted to become an independent producer of aluminum, then he blocked the proposed partnership of Harvey with the Anaconda Copper Co. (BW-Nov. 10'51, p20).

Chapman's big gun is his peacetime authority over contracts for power generated by Reclamation Bureau projects.

- **Risky**—The only big, unassigned block of public power in the U.S. is at the Hungry Horse project. Fleischmann probably has the authority to assign it for the duration of the mobilization program. But Chapman clearly would have the authority if DPA were demobilized.

Any deal Fleischmann made that Chapman disapproved might eventually leave an aluminum producer stuck at Kalispell without power for his potlines. Fleischmann figures no one will take such a risk. It means Chapman can block power for aluminum production at Kalispell, except to a producer he favors.

- **Switched Sides**—For three weeks back in August and September, Chapman favored Harvey. Then he reversed himself, on the basis of stories about Harvey's troubles with a Navy contract in World War II.

DPA then investigated Harvey and cleared him, but insisted he get some

outside financial help. DPA worked out the rough outlines of the partnership between Harvey and Anaconda. But almost on the hour that Fleischmann was going to announce its approval of the Anaconda-Harvey partnership, Chapman sent word by letter that he would not allow the partners to inherit power contracts made previously to Harvey alone.

Chapman's reason for refusing the transfer was that he didn't think the Anaconda-Harvey partnership would promote competition as called for in acts of Congress where natural resources are involved.

After writing this letter, Chapman left Washington for a trip through western states and to Hawaii. He'll be gone a month.

- **Wary Ally**—Chapman has an ally—but a cautious one—in the Justice Dept. Justice officials insist they did not blackball the Anaconda-Harvey deal. They asked DPA for details about the partnership and promised an advisory opinion on monopoly angles 24 hours after getting facts.

Justice admitted it didn't like the looks of the deal, on the basis of what it then knew about it. DPA was prepared to brush past this reservation. It wanted to go into detailed negotiations with Anaconda and Harvey and let Justice come in later with an opinion. Chapman's ruling on Kalispell power stopped that.

- **Down in the Mouth**—The mobilizers aren't happy. They have cut back non-essential users of aluminum to 20% of 1950 use, and the real drain to supply airplane production hasn't started because of tooling delays. They're afraid a bad turn to the Korean negotiations will catch them where they are now—36% short of the amount of aluminum expansion that Wilson posted as a goal.

Expansion was to be 650,000 tons, substantially in production by mid-1953. Only 415,000 tons of this are now under construction.

An additional 180,000 tons have been authorized. Henry J. Kaiser hopes to arrange financing for the bulk of this by \$50-million in bank loans, the sale of \$334-million worth of bonds to institutional investors, and the sale of \$164-million worth of preferred stock. Kaiser's plans are moving along, but, if

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mobilizers have learned anything about aluminum, it's not to count tonnage until the pots are hot.

• **Borrowing From Peter**—They are piecing out supplies now by diverting from the stockpile. Stockpile aluminum comes from high-cost plants at Massena, N. Y., and Baden, N. C. About 55,000 tons are expected from these plants this year and 79,000 tons next year. If the entire current output is being diverted to industry, it means about 20,000 tons per quarter. That's enough for 400 B-36's. They picked up another 11,000 tons by trading scarce steel to Great Britain for scarcer aluminum. But they don't know where they can make any more such deals. And they don't know what to do about Hungry Horse power.

Some of them hope that when Chapman returns from Hawaii he will trot out a candidate of his own—one that can produce metal in time to fit into Wilson's 1953 production charts. They hope either for that or for a clear directive from Truman telling Chapman to accept a DPA candidate. Otherwise, they will turn their backs on Hungry Horse power and get their aluminum expansion elsewhere.

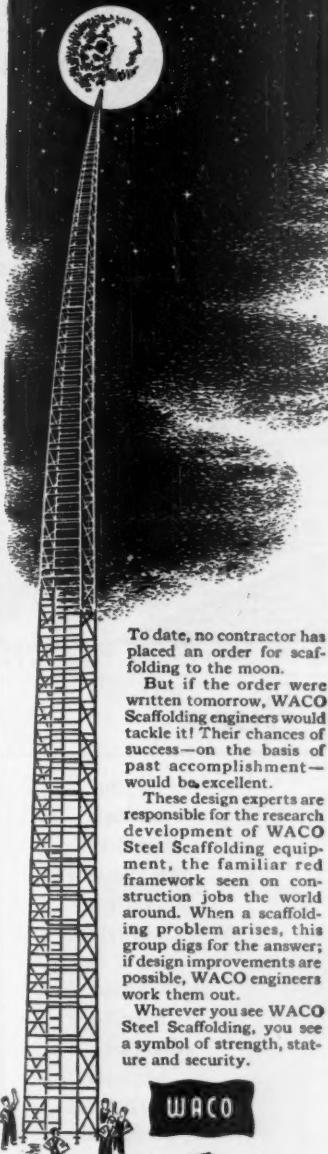
• **Experience Taught**—They can point to one object lesson in quick expansion: In December, 1950, General Services Administration signed a purchase contract with Harvey Machine Co. for aluminum to be produced at Kalispell. There still hasn't been a spadeful of dirt turned on the site. On Oct. 24, 1951, GSA signed a contract with Alcoa for aluminum to be produced at Rockdale, Tex., using lignite to generate power. Construction is under way already, and the first potline may be ready for production next fall.

If Anaconda wants to get into aluminum badly enough—and DPA wants Anaconda badly enough—the gas fields of the Southwest offer one way around the public hurdle.

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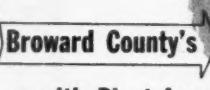
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Advantages

They're Down . . .

. . . so hold 'em down, says OPS. Prices have fallen recently, and they're being refrozen where they lie.

The Office of Price Stabilization has launched a campaign to roll ceiling prices back to market levels. Its aim is to take advantage of recent price softness and "recapture" ground that the prices gained during the two post-Korean spurts.

First commodity to get this treatment is crude glycerine; OPS has now set the ceiling at 37¢ a pound—which is just about what glycerine has been selling for in recent weeks. The new lid represents a 12¢-a-pound rollback from the freeze level that went into effect last Jan. 25.

OPS expects to follow through soon with a 40% rollback in tallow ceilings, plus healthy cuts in soap prices. Later on, ceilings on hides, wool, tires, and tubes will likewise take a trim. Eventually, the number of victims may run well into the hundreds—even thousands.

• Yes, It's Cricket—The price controllers claim that these rollbacks violate neither the letter nor the spirit of the new Defense Production Act. The Capchart amendment, they point out, doesn't bar rollbacks as such; it simply guarantees that businessmen can reckon costs as of July 26, 1951, in computing ceiling prices. But where July 26 costs are shown to be lower than pre-Capchart ceilings, rollbacks are perfectly in order.

Actually, glycerine is one commodity that isn't protected by the Capchart amendment. Since it's a byproduct of soap-making, it costs no definite amount to produce. A manufacturer is entitled to relief from rollbacks only where he can show that the costs of his combined soap and glycerine operations had risen through July 26.

But OPS insists that the existing ceiling on soap plus the new one on glycerine are more than a fair reflection of such cost increases. OPS doesn't expect to relent for these commodities—at least not in the near or foreseeable future.

• Rule of Reason—In the case of other commodities, where the Capchart formula does operate, OPS expects to set ceilings in line with the amendment's standards. Legally, it could cut below the standards and wait for appeals before it restored any of its cuts. In practice, however, the price controllers want to avoid doing that. They'd prefer to go a little overboard on the side of leniency, rather than tackle the flood

SAFEWAY STORES
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**Preferred and Common
Stock Dividends**

The Board of Directors of Safeway Stores, Incorporated, on November 15, 1951, declared quarterly dividends on the Company's \$5.00 par value Common Stock and 4% Preferred Stock.

The dividend on the Common Stock is at the rate of 60¢ per share, and is payable December 14, 1951 to stockholders of record at the close of business December 3, 1951.

The dividend on the 4% Preferred Stock is at the rate of \$1.00 per share and is payable January 1, 1952 to stockholders of record at the close of business December 3, 1951.

MILTON L. SELBY, Secretary.

November 15, 1951.

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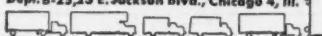
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of appeals that tough pricing would surely bring.

Indeed, they intend to apply a rule of reason to their projected rollbacks. They plan to forego rollbacks—even where permissible—where they are convinced the industry might be seriously hurt.

Gray Market . . .

. . . in steel comes under OPS control at the same time that price resistance and auto cutbacks are eliminating it.

The mobilizers finally decided to clamp down on the gray market in steel. This week the Office of Price Stabilization issued an order that permits only one markup on steel between the steel jobber or warehouse and the fabricator of the steel. Up to now, steel brokers who bought steel for \$7 per 100 lb. and sold it to the final buyer for \$14 had a perfect alibi: There was nothing illegal about their activities or their prices.

The new OPS regulation has the effect of fixing something that's almost a dollars-and-cents ceiling on steel. After Dec. 16, both buyer and seller will be in violation of the law if steel changes hands at a price higher than the single markup permitted the jobber or warehouseman.

• **Too Late**—The steel industry says that the order came too late, that the gray market has virtually disappeared. The largest such market has always centered in Detroit, because the auto people are among the first to get cut any time steel gets tight. They're the first to start scurrying around when their normal supplies are threatened. Now, with the gradual cutback in auto production, the market for such steel and for conversion steel has lost its best customer.

• **Not Worth It**—Price resistance is another factor in the deterioration of the gray market. Steel companies have been turning down conversion steel because they wouldn't pay 20¢ a lb. for it. They didn't want the business that badly.

Most of the conversion work that still persists is carried on by companies that had the foresight to tie up customers to fairly long-term contracts when the search was on for steel at any price.

Spot checks indicate that some small steel companies are closing, or operating at a low level, because of a contraction in the conversion steel market—rather than because of a scrap shortage. Small high-cost mills have been getting a large part of their business reselling steel for users who had bought it in any shape they could get.



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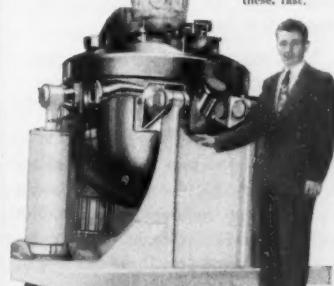
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CHECKLIST: Defense Regulations

The following listing and condensed description cover all the materials and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

Materials Orders

Communications: Notifies domestic telephone, telegraph, and cable operators that initial second-quarter 1952 applications for authorized programs and allotments of controlled materials must be submitted by Dec. 22, 1951. Also provides that subsequent quarters must be filed at least 120 days before the beginning of the quarter. M-77, Amdt. 1 (Nov. 29).

Chemicals: Permits all ratings consisting of the letters A, B, C, or E that are followed by a digit and issued by the Defense Dept. and AEC to be effective in obtaining basic chemicals. NPA Reg. 2, Dir. 3 as amended (Dec. 3).

Machine tools: Makes clear that machine tools covered by government pool order contracts may not be diverted after Feb. 1, 1952, to fill nonpriority rated orders placed by private buyers. M-41, Amdt. 1 (Dec. 3).

Pricing Orders

Small manufacturers: Gives small manufacturers netting less than \$1-million a year and pricing under CPR 22 three options for adjusting ceiling prices in accordance with the Capehart amendment: (1) They may elect not to make adjustments and use base-period price as ceiling price for the commodity; (2) they may apply only materials cost adjustment to base-period price; (3) they may apply both labor and materials cost adjustments to base-period price. CPR 22, SR 18 (eff. Nov. 26).

Fibers, hemp, sisal imports: Permits importers of these fibers to price under CPR 31 so that they may pass on increases in their landed costs that have occurred during the past year. Also removes 19 critical materials from Appendix A of CPR 31 because they have either been exempted from price control or have been covered by tailored



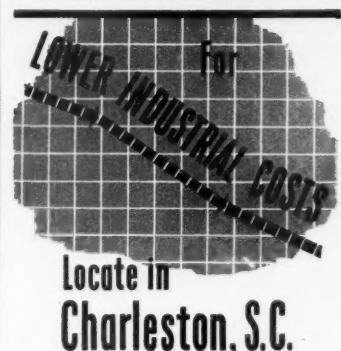
Appliance Distributor Says KLIXON Protectors Important Part of Appliance Motors

NEW HAVEN, CONN.: Mr. Z. C. Deuse, Secretary-Treasurer of The H. M. Tower Corporation, leading Wholesale Distributors, finds KLIXON Protectors stop motor burnouts on their appliance motors.

"We consider Spencer Klixon Protectors an important part of our motor operated appliances. They stop motor burnouts . . . thus protecting them against major motor repairs."

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Next "clues" section appears Dec. 15

regulations. CPR 31, Amdt. 10 (eff. Dec. 1).

Livestock: Changes livestock distribution regulation to make more effective priority program to procure meat for the armed forces. DR 1, Amdt. 8 (eff. Nov. 23).

Canned tomato products: Authorizes specified ceiling adjustments for canners of tomato paste, catchup, sauce, and purée as calculated under CPR 55. This does not apply to bottled catchup packed in consumer-size bottles. CPR 55, SR 5 (eff. Nov. 28).

Pumpkin and squash: Puts the 1951 packs of canned pumpkin and squash under pricing provisions of the canned vegetables regulation and provides two optional pricing provisions for those canners whose ceilings will be adversely affected when figured according to the usual formula. CPR 55, Amdt. 6; CPR 55, SR 6 (eff. Nov. 28).

Pacific Northwest log graders: Provides accredited list of Pacific Northwest log graders and scalers, including six scaling and grading bureaus and 187 individuals. CPR 97, Amdt. 1 (eff. Nov. 28).

Sweet potatoes: Authorizes canners of Southern sweet potatoes in Alabama, Louisiana, and Mississippi to make allowance for increased costs of the raw product in calculating ceiling prices. CPR 55, SR 7 (eff. Nov. 29).

Cast-iron radiators and boilers: Permits manufacturers of cast-iron radiators and boilers to adjust ceiling prices by using industrywide price adjustment ratios covering increased costs to be applied to ceilings established under GCPR 22, SR 19 (eff. Dec. 3).

Resellers of steel products: Issues a tailored regulation for resellers of a wide range of industrial iron and steel products, merchant trade wire, roofing, siding, pipe and tubular goods, re-usable products and conversion steel. Resellers covered include warehouse, distributor, wholesaler, jobber, dealer, merchant, broker, consumer, or any intermediary in connection with resale. CPR 98, (eff. Dec. 16).

Bulk whiskey: States that no adjustments in ceiling prices would be authorized for bulk whiskey distilled during the month of October. CPR 78, SR 1, Amdt. 1 (eff. Dec. 5).

Glycerine: Sets dollars-and-cents ceilings on crude and refined natural glycerine at approximately current selling prices. CPR 99 (eff. Dec. 4).

Allocation of beef to military: Requires federally inspected slaughterers whose cattle kill during their accounting periods is in excess of a specified percentage of the corresponding periods a year before to make such excess available to the military. Dist. Reg. 3 (eff. Dec. 5).

Small manufacturers: Sets up simplified method that all small manufac-



Craftsmanship is not just a memory

Remember the old-time workman whose honesty and craftsmanship made every piece a *master-piece*? Remember the men who devoted their time and care and skill-of-hand to one purpose . . . turning out work they could be proud of? Have these men vanished . . . has all integrity been smothered in these days of "Something-For-Nothing"? Some places, perhaps . . . not at Taft-Peirce.

The Principal Product of Taft-Peirce Is Skill

Basically, Taft-Peirce is a contract manufacturer. In our great plant hundreds of skilled craftsmen work with precision and *pride* on the parts and products of the largest companies in the world. With these craftsmen and the most modern machinery, we can design and manufacture tools, a single part, a working model. Or, we can set up and operate a complete production line. And whatever we do is done well.

Naturally our 450,000 sq. ft. of manufacturing area and 1500 modern machine tools are pretty busy these days. But contract manufacturing is our regular line of business. It always has been. It will be tomorrow. Maybe we can be of service to you — especially if it is a long term project.



**For Engineering, Tooling, Contract Manufacturing
TAKE IT TO TAFT-PEIRCE**
The Taft-Peirce Manufacturing Company, Woonsocket, R.I.

Rockwell Report



by W. F. ROCKWELL, JR.

President

Rockwell Manufacturing Company

ONE OF THE MOST SATISFYING REWARDS of being a part of a business management team is in watching a Company grow.

Of the many ways to measure corporate growth—assets, number of employees, sales, manufacturing area and so on—one that is often overlooked is number of stockholders. When a company's ownership spreads, the responsibilities of the management increase.

Like most companies, the Rockwell Manufacturing Company started with only a few stockholders. As the Company has expanded its markets and as the demand for our meters, valves, tools and other products has grown, the ownership has also spread. As recently as 1945, there were fewer than 1,000 stockholders of the Rockwell Manufacturing Company while today there are more than 7500. A great many, by the way, are employees.

Perhaps in that spreading ownership there's an answer to those who would have you believe that the earnings of industry find their way to the pockets of a very few. When a relatively young and still relatively small company such as ours, just in the process of normal growth becomes the property of so many people, it's reasonable to assume that there are a vast number of Americans who understand that no business is successful unless it provides a good product at a proper price to its customers, a fair return to employees and stockholders, and a reasonable profit to its suppliers.

* * *

Our Delta Power Tool Division is one of the principal builders of wood and metal working tools for school shops and vocational education. To improve teaching facilities and aid school architects in laying out shops that will net only provide for today's enrollment, but also be adaptable to school growth, Delta is now sponsoring a contest among school men on efficient shop layouts. Winning plans will be discussed at the next convention of the American Vocational Association, and all of the better layouts for all types of schools will be published by Delta for distribution to school planners, boards of education, administrators, etc.

* * *

In our several divisions that manufacture meters, we make a good many types that you see in your day-to-day activities—gas meters, water meters, gasoline meters, parking meters, taxi meters, etc. Not so well known to the general public are the Rockwell meters that are used in hundreds of industries to measure the component parts of an end product. As an example, the A. B. Dick Company, in making mimeograph and other inks uses Rockwell Rotocycle meters to measure ether, alcohol, paraffin, ethyl glycol, rosin oil, red oil, castor oil, span 80 and rocket H. Many other processing plants use similar meters for all sorts of batching and blending operations.

* * *

One of the advantages of a company set up such as ours is the opportunity for internal sub-contracting. Under the direction of our headquarters staff, work is allocated to the plant best equipped to handle it. There are many benefits. Standardization is encouraged. The customer benefits from lower costs. Employment is stabilized. Facilities are kept busy. Total output is increased. Local material supplies can be utilized.

**One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY**

PITTSBURGH 8, PA.

for its customers, suppliers, employees, stockholders and friends.



turers and sellers of industrial services netting under \$250,000 a year may use in making Capehart adjustments in their ceilings. This regulation authorizes these firms to calculate an adjustment for each of the commodities or services they sell on the basis of their over-all business operation. GOR 20 (eff. Nov. 28).

Processed ducks: Sets up a revised price regulation for processed ducks to reflect more accurately the pattern of ceiling prices established under GCPR. CPR 79 (eff. Jan. 15).

Manufactured goods: Extends indefinitely the manufacturer's option to elect to sue either GCPR or CPR 22 for pricing certain listed commodities. Also deletes from and adds to the list of commodities to which the option applies. CPR 22, SR 12, Amdt. 4 (eff. Nov. 29).

DEFENSE BUSINESS BRIEFS

International materials conference has worked out a recommendation that puts a floor of \$30 and a ceiling of \$60 per ton on tungsten for the next four years, covering the free world's total output. It was the first long-range price agreement from IMC. Acceptance is up to individual member governments.

Businesses having trouble placing authorized controlled materials orders can appeal for special assistance on a new form—NPA Form 148—provided for the purpose. To get the special help, applicants will have to show they have made several unsuccessful efforts on their own behalf.

Copper producers have challenged the idea of a long-run shortage of copper—accepted as gospel up to now by mobilizers. Producers told NPA that today's shortage would become an oversupply within two years. They want the government to stop encouraging industries to substitute aluminum.

Aluminum supplies have gained only 5% compared to pre-Korea, but by the last quarter of next year should be 35% greater, NPA said. Most of increased output will go to shops forging airplane parts.

DPA will look for a closed factory before it allows another to expand in order to handle military orders. A facilities review board will do the job. The board's duty will be to keep plants closed by lack of materials for nonessential goods from being lost to the mobilization program. Only plants valued at \$1-million or more will be screened in the first go-around.

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Gerlinger Carrier Co.
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Source: Publishers Information Bureau Analysis, 1951

A McGRAW-HILL PUBLICATION

INTERNATIONAL OUTLOOK

BUSINESS WEEK

DECEMBER 8, 1951

A
BUSINESS
WEEK
SERVICE

Washington is still hoping for a complete cease fire in Korea soon.

Communist talk of "neutral" inspection teams has convinced U. S. officials that the enemy is ready for a deal.

Compromises are expected on other big problems—construction of North Korean air bases, the rotation of U. S. troops, exchange of prisoners.

The U. S. hasn't won any great victory in Korea. The fact is that a real military stalemate now exists there.

The U. S. military position has deteriorated seriously in the last few months. Well-equipped Chinese forces inflicted heavy losses on the Eighth Army during our recent limited offensives. And growing Communist air power threatens U. S. superiority.

Thus both sides now accept the fact that victory is impossible without an all-out war.

In a situation like this, the chances of a real settlement in Korea are pretty slim.

Once the shooting stops, Red China's claims to a seat in the U. N. and possession of Formosa are sure to be pushed by Peiping and Moscow.

When that happens, Washington will have a tough time keeping the support of our European allies on these issues.

It's even possible that the present Korean talks won't be finished before the Communists ask to have them transferred to the U. N. in Paris. If so, Vishinsky is sure to demand that Red China be represented. Then, if the U. S. balks, we'll be accused of sabotaging the peace.

The possibility of stirring up new squabbles between the U. S. and its allies may explain why Vishinsky hasn't opened up his expected Soviet peace offensive in Paris.

You get some evidence of this from the way Big Four disarmament talks are going in Paris. No one expects Vishinsky to accept our proposals. He's apparently biding his time, hoping the Allies will get into a quarrel among themselves.

Atlantic defense planners are trying to clear away the confusion left last week by the NATO meeting in Rome (page 26).

Big decisions will have to come before the new year on these points:

• Scaling down Eisenhower's military goals. NATO's Three Wise Men (Harriman for the U. S., Monnet for France, Plowden for Britain) have about decided that Western Europe hasn't the economic strength to meet Eisenhower's 1954 target. A push will be made to get maximum results in 1952. But any increase after that will be made conditional on the size of U. S. aid.

• Streamlining NATO. There's general agreement now that NATO needs a central agency to coordinate nonmilitary planning. So the Three Wise Men setup will probably be put on a permanent basis.

• European army. France is under pressure, especially from Belgium, to water down the Pleven plan for a joint European army. Specifically, the Belgians want France to drop the idea of a common defense budget. They say this part of the plan involves too big a loss of sovereignty.

Despite new clashes at Suez, a British-Egyptian compromise may be in the offing.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
DECEMBER 8, 1951

On the one hand, Britain seems willing to recognize Farouk's title as King of the Sudan as well as Egypt. Farouk's hands would be tied, though, by promises to (1) grant the Sudan self-government, and (2) allow the free sale of Sudanese cotton in competition with Egyptian cotton.

The Egyptian government, on its side, may be willing to accept continued British occupation of the canal zone under a new joint defense formula. Cairo would insist on having top command for strictly Egyptian territory, though.

The big question is whether the Egyptian government can back down this far and still keep the nationalist fanatics under control.

You can get a grain of comfort from the Middle East this week—seizure of power in Syria by Pro-Western Col. Abid Shishekly.

This coup is the sharpest swing away from anti-Western neutralism that any Middle Eastern nation has made recently.

Washington hopes that Syria now may take the lead in bringing the Arab states into the proposed Middle East Command.

Word has reached London that a group of New York banks may bid for British steel stocks when the industry is denationalized.

British steel men are intrigued with this report, but somewhat skeptical. They figure U. S. participation might make a future Labor government think twice about carrying out the Labor party's threat to take over the industry again. But they wonder if U. S. banks won't be scared off first. Labor says that whenever it gets the chance it will repossess private stock at the same low compensation rate paid last time—minus any dividends in the interval that are higher than 3½ %.

This labor threat is scaring off prospective British investors, will make the job of refinancing steel long and tricky.

Present Conservative plans call for a denationalization bill that would (1) create a new steel control board with power to decide how much freedom individual companies are to have, and (2) turn the present state steel corporation into a holding company that must sell its holdings as and when the market can absorb them.

An answer to Britain's steel shortage has been worked out privately by U. S. and British steel producers. Here's what is planned for 1952:

- The U. S. will deliver a minimum of 500,000 tons of semifinished steel over the year. If the supply situation eases here, this figure will be boosted.
- Most of the German scrap recently allocated to the U. S. will be turned over to the British.
- The U. S. steel industry will make a new agreement with Sweden for 1952 iron ore supplies. Then the British will be allowed to take up the options before delivery.

Discount the State Dept. line on why Slansky, Czech Communist leader, is being tried for treason.

State says, publicly at least, that Slansky is being made the scapegoat for the failure of the economic speedup in Czechoslovakia.

It's more likely that Slansky is the victim of a power struggle between the Red Army and the MVD (Russia's secret police).

Slansky has been an MVD man from way back. But the Red Army is taking over Czechoslovakia lock, stock, and barrel, found Slansky in the way.

BUSINESS ABROAD



BANANA GROWING is threatened by rising labor costs—that's why there's a . . .

Showdown in Guatemala

United Fruit Co. threatens to abandon its \$50-million investment unless it gets a new contract with its 13,000 workers. The next move is up to Guatemala.

Three months ago the United Fruit Co., Boston, threatened to write off its 50-year, \$50-million-plus investment in Guatemala. Company officials say they will stay there only if the government and labor leaders agree to contracts that the company thinks are necessary to economic operation. This week or next the Guatemalan cabinet may come up with an answer.

Some Unifruitco executives think the government will give grudging approval to a new contractual setup. Others are afraid Guatemala will continue to balk, forcing the company to pull out.

The second possibility has a lot of Americans—business and government people alike—deeply worried. They think that an evacuation, especially if accompanied by bad feeling on both sides, might:

- Inflame Guatemala's hyperthyroid nationalism, with its strong Communist overtones, and lead to wholesale nationalization.

- Spread anti-Yankee nationalism to neighboring Central American re-

publics, perhaps infecting certain nations in South America, too.

It's a disturbing business. And the fact that a U.S. company is having such troubles right on the U.S. back stoop comes as a shock to some Americans who have been reproaching Britain for the fiasco in Iran.

I. Cyclones and Contracts

Guatemala is tiny, about the size of Pennsylvania with a third as many persons (3.7-million). Unifruitco is big, a half-billion-dollar agricultural and steamship enterprise spread over the length and breadth of the Caribbean. In Guatemala alone, Unifruitco has close to 90,000 acres under cultivation, growing bananas, abaca (Manila hemp), palm oil, and other crops. It also has millions of dollars worth of buildings, equipment, port facilities, plus a 46% interest in the U.S.-owned International Railways of Central America.

Unifruitco employs some 13,000

Guatemalans, indirectly affects the lives of 75,000 more. It spends \$15-million yearly on wages and supplies, pays another \$1-million in taxes. In addition, the company brings in \$10-million a year in foreign exchange.

- **Annual Revision**—Each year Unifruitco's contract with plantation workers comes up for revision. And 1951 is a particularly bad year for negotiations. There's a new government, troubled by internal pressures and touchy to outside interference. Moreover, a cyclone in September well-nigh wiped out Unifruitco's big west-coast plantation at Tiquisate. The company estimates that it will take \$10-million to put the area in shape again. It wants a new contract to ensure some kind of labor stability before it plunks down the cash.

Unifruitco wants its new contract to run for three years instead of one. And the company is seeking the right to end the agreement whenever costs increase excessively.

- **High Cost**—Guatemala has been a high-cost producer. More than that, the company has its eye on some proposed amendments to Guatemala's labor laws. One would double severance pay. Another would set pensions at 75% of a worker's highest pay after 25 years' service, payable not only to the worker but to his heirs as well.

Unifruitco asks that the Guatemala government use its good offices to get a new contract O. K'd by the labor unions. It also wants the government to sign a new investment contract.

Unifruitco's present agreement goes back to 1936. Company officials think it's outdated by the new contracts they've signed with the other "banana republics"—Honduras, Costa Rica, Panama, and the Dominican Republic. These include guarantees of nondiscrimination and currency exchange. In return, Unifruitco offers to pay an income tax of 15% on net earnings.

The Guatemalans have balked; instead, they've come up with a staggering list of demands.

II. Background for Trouble

The mess in Guatemala has been a long time coming. And it's so wound up with politics that it's hard to pick out the nation's legitimate economic impulses.

Guatemala was ruled by a dictatorship until 1944. Unifruitco, like most big foreign concerns in Latin America, dabbled in politics, supported and was supported by the government. Meanwhile, an aggressive minority of left-wing intellectuals grew up, finally over-

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threw the 14-year-old dictatorship of Jorge Ubico. Juan Jose Arevalo, a youngish university professor, became president.

• **Communists Move In** — Arevalo copied the nationalistic pattern of the Mexican revolution, dreamed up a dogma called "spiritual socialism" that smacks of Juan Peron's Argentine "justicialism." His government was a hodge-podge of well-meaning liberals, Socialists, and some Communist party-liners. The Communist contingent stole the show; Arevalo became a firm buddy of Vicente Lombardo Toledano, a Mexican Red labor leader. Between the two of them, aided by visiting French Communists, Guatemala got set on the pro-Moscow road. Anti-U.S. propaganda grew louder and louder; finally, all Guatemalan labor was solidly hooked up with Toledano's Latin American labor federation.

Today, there's little or no anti-Communist strength in Guatemalan labor. The new president, Jacobo Arbenz, is surrounded by Arevalo cronies. While he's no card-carrying Communist himself, Arbenz has to drift with the tide.

• **Changes** — Part of Unifruiteco's trouble is that it's identified in the public mind with the dictatorship days. In fact, the company's youth was wild-and-woolly, tied up with turn-of-the-century gunboat imperialism. The company has long since matured in step with the times. It has provided free housing, hospitals, schools, upped wages to at least twice the going rate for farm help. It has done important work in crop rotation, pioneered new crops.

Still, there's criticism of Unifruiteco's handling of the present situation. Some outsiders feel the company has been too blunt and threatening in handling Arbenz' new government.

III. Who's the Loser

Unifruiteco wouldn't be mortally hurt by evacuating Guatemala. Its half-million acres in other countries could offset the losses, as they do in routine cases of crop failures. Even if Guatemalan earnings were written off, chances are the company could continue to earn over \$6 a share on its common stock.

Guatemala would be the big loser. With 13,000 workers jobless, and \$15-million or more Unifruiteco spending choked off, Guatemala's farm economy would be hard hit. But outsiders don't think that would mean financial collapse. Bananas are only 11% of Guatemala's exports (coffee is the largest, 78%).

But the possibilities of developing new industries would be slim. Anti-U.S., antiforeign, left-wing policies scare investors; there's little local capital to step in.

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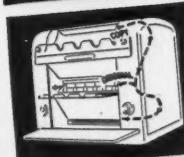
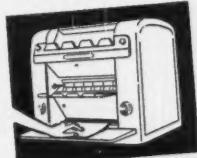
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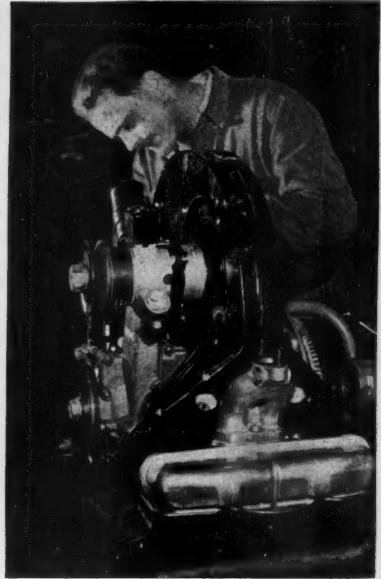
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FERRY PORSCHE, designer's son, eyes an egg, parent of Volkswagen and Porsche 356.



THE PORSCHE 356, Germany's newest sports



ONE MAN assembles each motor, initials it.

The Egg That Hatched a Sports Car

British, Italian, and French sports cars have recently made a big hit with U.S. motorists who hanker after the unusual. Now the Germans have come up with their entry—the Porsche 356.

This new car looks a lot like a poshed-up version of the German Volkswagen. The similarity is no coincidence. The Porsche, like the Volkswagen, is the brainchild of an outstanding father and son engineering team—the late Dr. Ferdinand Porsche and his 42-year-old son, Ferdinand, Jr., known as Ferry (picture, above). An egg,

incidentally, provided the starting point for the Volkswagen's design.

• **Handmade**—The Porsche, strictly a handmade custom job, is produced in a factory no larger than the average Ford dealer's showroom in Iowa. The plant consists of 500 sq. meters of the Reuter bodyworks at Stuttgart-Zuffenhausen. Designers, executives, and office help are housed in a one-story barracks of the types used for veterans' housing on many a U.S. campus after the war. The firm has 150 workers.

About 30 yards down the road from

this makeshift plant is the former Porsche works—15,000 sq. meters of factory and office space. This plant is still requisitioned by the U.S. Army. It stands as mute evidence of former Porsche successes.

These successes had their beginning when Dr. Porsche joined the Viennese firm Lohner & Co. and invented the gear-hub motor in 1899. By 1906 Dr. Porsche was technical director of Daimler Vienna-Neustadt, by 1916 executive director of Astro-Daimler, and between 1923 and 1928 technical di-



car, is being built in this tiny factory at Stuttgart-Zuffenhausen.



FLOORSPACE is at a premium in the makeshift Porsche quarters.



SWIFT AND SHINY is the Porsche. Its design still shows the line of descent from an egg, to Volkswagen, to sports car.

rector of Daimler-Benz in Stuttgart. In this last job, he made numerous improvements on car compressors.

• **Fashionable**—In 1930 the Porsche firm itself was founded in Stuttgart. From then until 1939, Dr. Porsche and his son Ferry hit their stride as car designers and builders. Before long they made the name Porsche fashionable in European sports car circles. In this period, too, they designed the Volkswagen, the "peoples car" of the Hitler era.

World War II found Porsche hastily switching to military work. The firm designed and built the German version of the U.S. jeep. Dr. Porsche also designed the German Tiger tank. Only

the end of the war put a timely stop to his most massive creation: a 180-ton monster tank, named the Mouse. Before that time, though, Allied bombing had made Stuttgart a pretty "hot" town. In 1944 the German government had ordered Porsche to move to the small Austrian town of Gmünd.

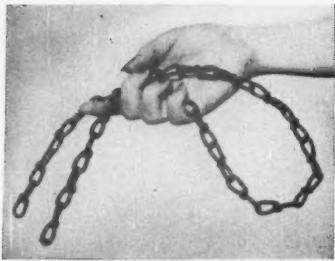
• **Aftermath**—The end of the war left Porsche and his staff facing the usual problems found in a defeated nation. The company improvised to stay in business. It produced a handy little pushcart for the Austrians and repaired farm implements. Volkswagen spare parts were made and sold for flour, canned milk, candy, cigarettes.

At this time, too, Dr. Porsche was

jailed as a war criminal by the French occupation authorities. In 1947 a French court found him innocent.

Once free, Dr. Porsche got his team together again and started work on a design for a small, two-seater sports car that would appeal to racing enthusiasts as well as to families who could afford a second car.

The result was the Porsche 356, an 85-mile-an-hour job powered by a four-cylinder, air-cooled engine in the rear. The first limited edition of 50 cars was built in Austria late in 1948. The next year Dr. Porsche and Ferry returned to Stuttgart. Here they rented their present makeshift factory, made arrangements with contractors for parts,



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and got down to work once again.

• Luck—The first few months were difficult, although Porsche had started with one great stroke of luck. The firm had still been in Austria at the time of West Germany's currency reform. Thus Porsche escaped the moves that left most companies without investment capital. However, it faced a serious shortage of steel and other materials. Only 20 cars a month could be produced in the spring of 1950. Today the rate is up to 100 to 130 a month.

Porsche today uses 50 tons of steel a month, but has no guarantee of a steady supply. Bottlenecks can easily develop in the industries that supply it with components. For example, the Volkswagen works supplies Porsche with its front axle, steering column, and gears; Bosch supplies the electrical equipment; Reuter furnishes the body, upholstery, and paint job.

• Initials—Ferry Porsche, who took over as head of the firm when his father died last year, is one of the few car makers in the world who can truthfully claim that his product is handmade. Each Porsche 356 motor is assembled by one worker, who stays with the job until the motor is ready to be installed. The worker stamps his initials into the block. If a customer returns the motor because of any basic defect, the foreman checks the initials on the block, then says: "Schmidt! This is one of your motors! You will be good enough to explain to the gentleman why this horrible thing was allowed to leave your bench."

Today 40% of all Porsche cars are exported. Switzerland, Portugal, France, and Belgium are the top markets. But Porsches are beginning to reach the U.S. in increasing volume. Hoffman Motors of New York City has been getting about 10 or 12 a month, sells them as fast as they come in. (The U.S. price is about \$4,000.) Porsche sells all it can produce so easily that it doesn't bother with advertising.

BUSINESS ABROAD BRIEFS

Help from abroad: Consolidated Vulite Corp. says it will hire some British and Canadian aircraft engineers to ease the engineer shortage. They'll work on nonsecret jobs until they get cleared for defense work.

Brazil business: The ports of Santos and Rio de Janeiro are down for an \$84-million facelifting program to include new piers, silos, warehouses, cranes, and equipment. . . . President Vargas has signed a law boosting personal and corporate income taxes 15%. Expected yield is \$100-million yearly; most of it will help pay for a five-year economic

development program. . . . American & Foreign Power Co. plans to spend \$105-million by 1957 to expand electrical generating and distributing facilities of its Brazilian subsidiaries.

American Viscose Co. executives are in Tokyo, talking plans for a partnership with two Japanese companies in the acetate business. If it goes through, Viscose will own 37% of a concern to be called Japan Acetate Co., producing 20 tons of acetate yearly.

Ore from Venezuela: Big Steel's Venezuelan subsidiary, Orinoco Mining Co., has awarded contracts worth \$15-million for dredging a 170-mi. ship channel 26 ft. deep on the Orinoco River, linking the Atlantic with the ore railroad at Puerto Ordaz. Gahagan Overseas Construction Co. and McWilliams Overseas Dredging Corp. got the job.

A \$185-million motor merger in Britain joins Austin Motor Co. and Morris Motors (famous in the U.S. for the MG sportscar). Next to the U.S. Big Three, the new company will be the largest auto manufacturer in the world, hopes that pooled resources will lead to more economical production.



Bound for Tasmania

Dartboard and banjo in hand, Harold Joseph Lunn leaves Britain for Tasmania, 12,000 mi. away. He's managing director of Lunicks, Ltd., a civil engineering and contracting firm that's pulling up stakes and moving lock, stock, and barrel to set up in business Down Under. Along with Lunn are 70 Britons—workers, executives, wives, and children—together with the outfit's heavy equipment. Reason for the emigration: Lunn figures there's a better future, more work to be done, in the Dominions.

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THE TREND

Business and a Korean Cease Fire

Prospects are that the Korean War may be grinding to a stop. If so, that battle-scarred land will continue to be an armed camp for a long time to come, even though both sides decide there is no gain in further shooting.

Korea was the incident that triggered off the sharpest phase of our whole postwar inflation. In six months key raw material prices soared 39%, wholesale prices climbed 11% on the average.

Would the silencing of the guns that set off all this produce the reverse effect? Would we be in for a big business bump? Probably not.

It's possible, but not likely, that a Korean truce could result in a slowing down of the defense program next year. Congress has already authorized the armed services to spend over \$100-billion. They don't have to spend it all, of course, or spend it so fast as now planned. But they will. Several facts insure that:

- Aside from Korea there is no shortage of spots around the world where Russia is causing trouble.
- Sen. Johnson's Preparedness Committee wants to know why arms production is lagging.
- Eisenhower's plan for equipping a smaller NATO army faster means pressure for more weapons next year.
- 1952 is an election year, and the Administration is not likely to cut back any authorized spending.

A Korean truce might well have some impact on the private sector of the economy—on the psychology of businessmen. Many of them have been uneasy for some time about this marathon boom. They are looking for signs of cracks. Some businessmen would undoubtedly regard an end of fighting in Korea as such a sign. The old psychology "You can't get it so cheap soon—if ever" helped along the post-Korea inventory and plant expansion boom a great deal. If businessmen feel that a Korean truce would end really high-pressure rearmament, they could well adopt a wait-and-see attitude.

Busy Year Ahead

Our guess is that that kind of attitude will not be a determining factor in the amount of business spending next year. Indications are that expenditures for plant and equipment will be high, though below this year's \$25-billion. Shortages of materials and, in some cases, of money will play their part in holding this spending down. Another important factor will be the decision of the nation's consumers as to whether to continue the present very high level of saving as against spending.

The economic consequences of a Korean truce at this stage do not look far-reaching. Defense and private business spending on the basis of plans now in hand promise to make next year a busy one for the American economy. A sudden blackening of the international outlook that forced us to enlarge and speed up our rearmament might

make the economy too busy, and serious new inflationary pressure would result.

That there is a shakeout ahead there can be no doubt—we haven't stepped on the ramp of perpetual economic boom. But it's further off than a Korean truce unless that produces the miracle of a real settlement with the Reds. In that unlikely event we will all have to draw up some new economic road maps.

Labor Tells the World

A recent broadcast over the Voice of America evokes our praise for both labor and the Voice. In it George Meaney, secretary-treasurer of the AFL, tells European trade unionists who flirt with socialism why American workers believe in capitalism. His explanation is a wow.

The union leader agrees with us (BW—Nov. 17/51, p180) that capitalism in the United States is very different from what Marx had in mind when he rubbed the term in the dirt. Meaney says labor likes to call our American brand the free enterprise system. So do we. "American workers support it primarily," he says, "because it has given us very high standards of living, along with freedom and democracy."

That may seem to put the economic cart before the ideological horse, but Meaney has his listeners in mind. The figures he quotes should impress foreign skeptics. "The buying power of the factory worker's real wages," says Meany, "trebled between 1890 and 1950." His leeway for extras more than doubled. In 1900 food, clothes, and housing took all but 17% of the paycheck. By 1950 there was 40% left after those necessities were paid for. More than half our workers own their homes. All of them expect to have automobiles, telephones, bathrooms, refrigerators.

How did all this happen? "Increased production," says Meaney, "and a fairer sharing of profits." The "incentives of a free society" have led to "technological marvels" and high productivity. "Per capita production here is three-and-one-half times as high as that of Western Europe, and six or seven times that of Russia." And the workman gets his share since "fiscal and social reforms have shifted the distribution of wealth."

Here is the American miracle as a top labor leader sees it. This is the true revolution that Soviet bluster can neither hide nor meet. The fact that labor knows it is a basic source of American strength today.

This does not mean that labor and management will now coo at each other. But their conflicts call for no imported cure. They will be settled by methods that have played their part in the miracle.



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Every year, the United States spends the fantastic sum of over eight billion dollars just on maintenance of its industrial plant—sad proof that too many companies are on a "maintenance merry-go-round"!

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How to keep a screwdriver from getting winded

A POWER screwdriver that operates on air helps speed the assembling of aircraft, automobiles and radios. To keep it from getting winded under the pressure of high-speed production schedules, a super steel was needed for the cylinder and rotor shown below.

It's the rotor, spinning inside the cylinder under a blast of compressed air, that drives the screwdriver.

Because the rotor blades must form an air-tight seal against the cylinder wall, the cylinder must be absolutely round. And both cylinder and rotor must have unusual resistance to wear. Otherwise the screw-

driver would lose its air and power.

Aware of the help offered by the Timken Company's expert metallurgists, the screwdriver manufacturer called them in to study the problem. After careful consideration, a recommendation was made: use Graph M. N. S. steel, one of four graphitic tool steels developed by the Timken Company.

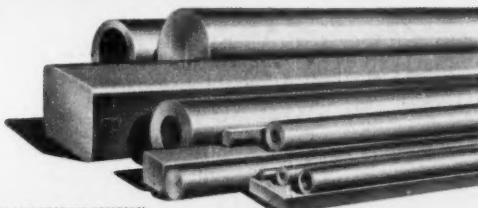
Made of Graph M. N. S., cylinders and rotors are now processed on automatic machine tools almost to finished size from annealed bar stock. Machining is fast and easy due to the free graphite in the structure of Graph M. N. S. Distortion of rotors and cylinders is practically eliminated. Only

a light lapping operation is necessary to finish the parts. And because Graph M. N. S. steel is highly wear-resistant, there's less chance of power loss due to worn cylinder walls.

Air-driven screwdrivers with Graph M. N. S. rotors and cylinders are now in use all over the United States. It's another problem marked "Solved—by Timken Graphitic Tool Steel". We'd like to help you find the right steel for your product, too. Write The Timken Roller Bearing Company, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.



YEARS AHEAD—THROUGH EXPERIENCE AND RESEARCH



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